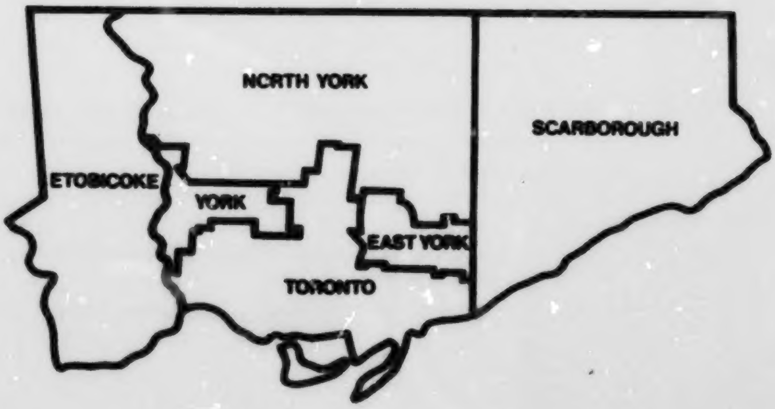
1982
ANNUAL REPORT
OF
THE COMMISSIONER OF FINANCE

THE MUNICIPALITY OF METROPOLITAN TORONTO · 1953 ·

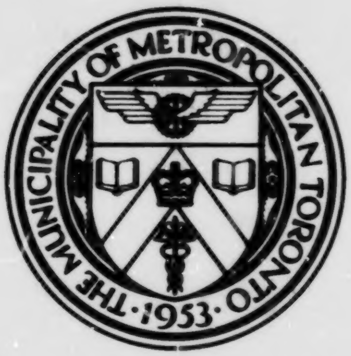
THIS LOGO WAS ADOPTED BY COUNCIL ON JUNE 23, 1978. IT SYMBOLIZES THE SIX AREA MUNICIPALITIES, INDEPENDENT YET INTERDEPENDENT, FORMING A UNION WHOSE STRENGTH IS GREATER THAN THAT OF ITS INDIVIDUAL PARTS.


NORTH YORK
SCARBOROUGH
ETOBICOKE
YORK
EAST YORK
TORONTO

OFFICIAL SEAL

OF THE

MUNICIPALITY OF METROPOLITAN TORONTO



EXPLANATION

WINGED COGWHEEL — Represents Industry.

OPEN BOOKS — Stand for Education.

THE IMPERIAL CROWN — Commemorates Coronation Year of Her Majesty Queen Elizabeth II, in which year the Municipality was incorporated.

THE CHEVRON — One of the well-known heraldic ordinaries derived from the gable of a house — suggests housing.

THE CADUCEUS OR STAFF OF MERCURY, The Roman God of Commerce.

PAUL V. GODFREY
Chairman - Metropolitan Council

First elected to public office as an Alderman and Councillor in North York in 1965. Appointed Controller by the North York Council after a further election as Alderman, and in July, 1973, elected Chairman of Council of the Municipality of Metropolitan Toronto.

JOHN L. PICKARD, B.Com., F.C.A.
Commissioner of Finance and Treasurer

Chief Accountant - October 1, 1953
to March 11, 1965
Deputy Treasurer - March 12, 1965
to January 31, 1972
Commissioner of Finance and Treasurer
since February 1, 1972.

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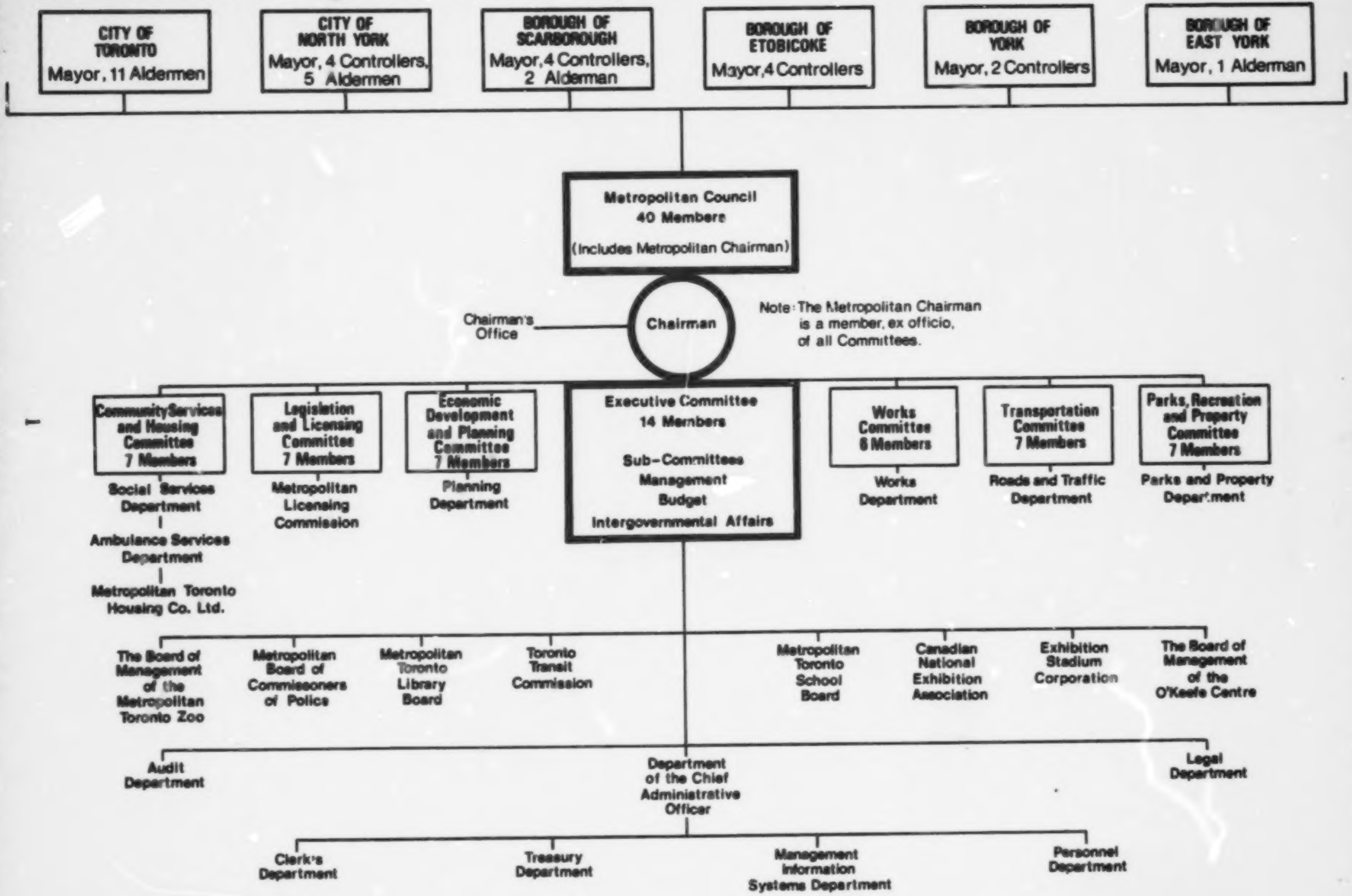
Governmental Organization, Metropolitan Toronto 1982


CITY OF TORONTO
Mayor, 11 Aldermen
CITY OF NORTH YORK
Mayor, 4 Controllers, 5 Aldermen
BOROUGH OF SCARBOROUGH
Mayor, 4 Controllers, 2 Alderman
BOROUGH OF ETOBICOKE
Mayor, 4 Controllers
BOROUGH OF YORK
Mayor, 2 Controllers
BOROUGH OF EAST YORK
Mayor, 1 Alderman
Metropolitan Council
40 Members
(Includes Metropolitan Chairman)
Chairman's Office
Chairman
Note: The Metropolitan Chairman is a member, ex officio, of all Committees.
Community Services and Housing Committee
7 Members
Social Services Department
Ambulance Services Department
Metropolitan Toronto Housing Co. Ltd.
Legislation and Licensing Committee
7 Members
Metropolitan Licensing Commission
Economic Development and Planning Committee
7 Members
Planning Department
Executive Committee
14 Members
Sub-Committees
Management
Budget
Intergovernmental Affairs
Works Committee
6 Members
Works Department
Transportation Committee
7 Members
Roads and Traffic Department
Parks, Recreation and Property Committee
7 Members
Parks and Property Department
The Board of Management of the Metropolitan Toronto Zoo
Metropolitan Board of Commissoners of Police
Metropolitan Toronto Library Board
Toronto Transit Commission
Metropolitan Toronto School Board
Canadian National Exhibition Association
Exhibition Stadium Corporation
The Board of Management of the O'Keefe Centre
Audit Department
Department of the Chief Administrative Officer
Legal Department
Clerk's Department
Treasury Department
Management Information Systems Department
Personnel Department

METROPOLITAN COUNCIL - 1982

Chairman
*PAUL V. GODFREY

REPRESENTATIVES

CITY OF TORONTO

*Mayor Arthur Eggleton
*Alderman Frederick Beavis
Alderman William Boytchuk
Alderman Dr. Gordon Chong
*Alderman Gordon Cressy
Alderman Ben Grys
Alderman Ying Hope
Alderman Anne Johnston
Alderman Tony O'Donohue
Alderman Joseph Piccininni
*Alderman June Rowlands
Alderman Patrick Sheppard

BOROUGH OF EAST YORK

*Mayor Alan Redway
Alderman Peter Oyler

BOROUGH OF ETOBICOKE

*Mayor C. Dennis Flynn
Controller David Lacey
Controller Dick O'Brien
Controller Bruce Sinclair
*Controller W. H. Stockwell

CITY OF NORTH YORK

*Mayor Melvin Lastman
*Controller Esther Shiner
Controller William Sutherland
*Controller Robert F.M. Yuill
Alderman Milton Berger
Alderman Irving Chapley
Alderman Norman Gardner
Alderman Mario Gentile
Alderman Pat O'Neil
Alderman Betty Sutherland

BOROUGH OF SCARBOROUGH

*Mayor Gus Harris
*Controller Brian Harrison
Controller Ken L. Morrish
Controller Carol A. Ruddell
Controller Joyce Trimmer
Alderman Edward Fulton
Alderman Maureen Prinsloo

BOROUGH OF YORK

*Mayor Gayle Christie
Controller Fergy Brown
Controller Phillip White

*Member of the Metropolitan Executive Committee

Note: This Council's two-year term expired on November 30, 1982

HEADS OF DEPARTMENTS - 1982

JOHN W. ACKROYD	Chief of Police
ALLAN G. ANDREWS	Auditor
WILLIAM A. BARKER	General Manager, Licensing Commission
R. J. BOWER	Commissioner of Planning
ROBERT G. BUNDY	Commissioner of Parks & Property
S. CASS	Commissioner of Roads & Traffic
JOHN H. DEAN	Commissioner of Ambulance Services
ALCIDE J. DE GAGNÉ(1)	Commissioner of Management Services
PETER FERGUSON	Commissioner of Personnel
FRANCIS J. HORGAN	Commissioner of Works
A.P.G. JOY	Solicitor
JOHN P. KRUGER	Chief Administrative Officer
WALTER J. LOTTO	Clerk
ALBERT ORSAVA	Executive Director - Management Information Systems
J. RICHARD PICHERACK(2)	Commissioner of Community Services
JOHN L. PICKARD	Commissioner of Finance and Treasurer
R. R. TOMLINSON(3)	Commissioner of Social Services Division of Community Services Department

(1) Appointed effective July 1, 1982 on creation of Management Services Department.

(2) Appointed effective July 1, 1982 vice John P. Kruger Interim Commissioner.

(3) Following a re-organization of the former Social Services Department in mid-1981, Mr. Kruger assumed the post of Interim-Commissioner of the new and expanded Community Services Department while Mr. Tomlinson retained direction of the Social Services Division of the new department.

1982

ANNUAL REPORT
OF THE
COMMISSIONER OF FINANCE
THE MUNICIPALITY OF METROPOLITAN TORONTO

I am pleased to present the Annual Financial Report of the Municipality of Metropolitan Toronto for the year 1982.

Included in this report are financial statements consolidating the operations of Metropolitan Toronto departments, boards, commissions and agencies carrying out both general municipal activities and functions of a municipal enterprise nature. Presented in the consolidation are the financial results of the following entities:-

Municipality of Metropolitan Toronto (including the Metropolitan Board of Commissioners of Police and the Metropolitan Licensing Commission)
Metropolitan Toronto Library Board
Metropolitan Waterworks System
Board of Management of the Metropolitan Toronto Zoo
Toronto Transit Commission
Gray Coach Lines, Ltd. (consolidating Gray Coach Travel Inc.)
Exhibition Stadium Corporation
Canadian National Exhibition Association
Board of Management of the O'Keefe Centre

These consolidated statements provide an overview and broad perspective of the overall financial activity for which the Municipality of Metropolitan Toronto is deemed to be politically accountable.

This report includes also the individual financial statements pertaining to each of the above entities, the Metropolitan Toronto School Board, the Metropolitan Toronto Housing Company Limited, and the following unconsolidated special purpose funds:-

Metropolitan Toronto Sinking Funds
Metropolitan Toronto Pension Fund
Metropolitan Toronto Police Benefit Fund
Metropolitan Toronto Board of Commissioners of Police Supplemental Pension Benefits Trust Fund

Finally, a Statistical Section, containing general information and comprehensive statistical data for the Municipality of Metropolitan Toronto, is provided to afford a broader and more complete understanding of the Municipality and its financial affairs.

Additional information and detail regarding the contents of this report together with other financial publications (e.g., debenture debt reports and prospectuses) may be obtained at the Treasury Department, Municipality of Metropolitan Toronto, 10th Floor, West Tower, New City Hall, Toronto, Ontario, M5H 2N1 or at the offices of the individual local boards, commissions and agencies of the Metropolitan Corporation.

EXPENDITURE

In 1982, total gross expenditure in respect of the general operating activities of the Municipality and its consolidated local boards and municipal enterprises amounted to $1,369,277,000 (1981 - $1,173,755,000) as compared with a total gross operating budget of $1,390,479,000.

The tables below detail the expenditure for the year classified by program and by object.

Program	1982 Budget	1982 Actual	1981 Actual	Increase or (Decrease)	Percent of Increase or (Decrease)	Percent of Total 1982 Actual
		(in thousands of dollars)				
General government	55,009	63,831	33,828	30,003	88.7	4.7
Protection to persons and property	299,285	291,101	254,961	36,140	14.2	21.3
Transportation services	474,961	474,407	418,653	55,754	13.3	34.6
Environmental services	181,198	166,631	154,669	11,962	7.7	12.2
Health services	32,935	30,155	25,671	4,484	17.5	2.2
Social and family services	252,552	248,106	195,711	52,395	26.8	18.1
Recreation and cultural services	85,514	86,559	80,115	6,444	8.1	6.3
Planning and development	9,025	8,487	10,147	(1,660)	(16.4)	0.6
	1,390,479	1,369,277	1,173,755	195,522	16.7	100.0

The apparent over-expenditure in the "General Government" program is primarily attributable to the fact that included therein is a provision of $14,394,000 to a capital financing stabilizing reserve, the equivalent budget provision for which is contained within other functional programs.

Object	[redacted]	1981 Actual	Increase or (Decrease)	Percent of Increase or (Decrease)	Percent of Total 1982
		(in thousands of dollars)			
Salaries, wages and employee benefits	[redacted]	641,475	114,047	17.8	55.2
Materials, supplies, services, rents and financial expenses	[redacted]	221,794	40,792	18.4	19.2
Capital additions	[redacted]	18,985	2,401	12.6	1.6
Operating transfers to other funds	[redacted]	22,558	26,742	118.5	3.6
Other transfers	[redacted]	111,175	26,072	23.4	10.0
Capital financing charges	[redacted]	157,768	(14,532)	9.2	10.4
	[redacted]	1,173,755	195,522	16.7	100.0

As in the past several years, the operations of the Toronto Transit Commission, the Board of Commissioners of Police (included in the "Protection to persons and property" program) and the Social Services Department (in respect of general welfare assistance) received the largest portion (60%) of the operating funds to finance their activities.

The table below details total consolidated operating expenditures over the past six years in both current and 1977 constant dollars and on a per capita basis. The marked increase in 1982 is primarily due to the increase in the general case load for general welfare assistance as a result of the general economic recession that occurred during the year.

	1977	1978	1979	1980	1981	1982
		(in thousands of dollars except per capita figures)				
Expenditures in current dollars	785,433	854,028	924,223	1,044,932	1,173,755	1,369,277
Expenditures in constant dollars	785,433	787,123	779,340	800,296	799,075	843,605
Expenditures in constant dollars per capita	364	366	365	371	368	385

REVENUE

The three major categories of revenue of the Metropolitan Corporation are:

i) Levy Requisitions upon the constituent Area Municipalities (principally the general tax levy but including also the sale of water and the attendant sewer surcharge);

ii) Provincial grants (unconditional and specific); and

iii) Other operating and miscellaneous revenue.

The table below indicates the percentage portion of revenue that was contributed by each major source over the last five years:

	1978	1979	1980	1981	1982
Levy Requisitions	46	46	45	44	44
Provincial Grants	26	24	25	25	26
Other Revenue	28	30	30	31	30
	100	100	100	100	100

It will be observed that these components of the revenue dollar accruing to the Municipality have exhibited little change over the last few years. Details of each are as follows:

i) Levy Requisitions

General Tax Levy

The method of determining the apportionment of the general tax levy on constituent area municipalities is explained in some detail on page 149 within the statistical section.

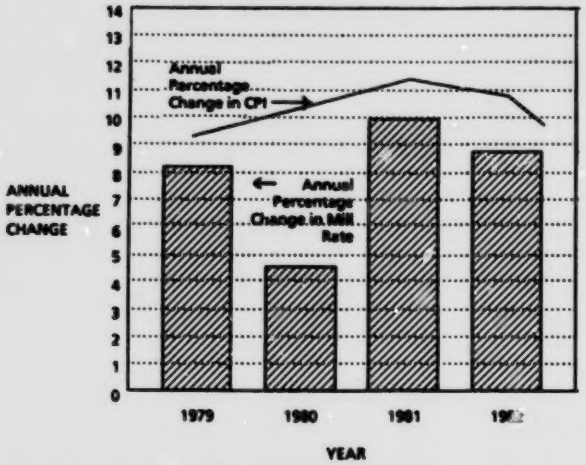
For purposes of comparing the Metro general levy in 1982 with that in 1981, the calculated "average equivalent mill rates" indicate an increase of 4.66 mills or 8.7% in 1982, as follows:

	General Levy	Metro "Equalized" Assessment	"Average Equivalent Mill Rate"
1982	$486,570,500	$8,397,158,650	57.94
1981	430,828,100	8,086,329,450	53.28
Increase - 1982 over 1981	$ 55,742,400	$ 310,829,200	4.66
% Increase	3.8	12.9	8.7

The following diagram compares the annual increases in the "average equivalent Metro mill rate" with annual consumer price increases over the last five years. It will be observed that the Metro Council has been successful each year in its efforts to contain the annual mill rate increase within the rate of change in the level of consumer prices.

ANNUAL CHANGE IN CONSUMER PRICE INDEX AND MILL RATE INCREASE

1979 - 1982



Sale of water and attendant sewer surcharge

Included in the statistical section is general background information in regard to the sale of water to area municipalities and the attendant sewer surcharge.

The water rate charged all Area Municipalities stood at 13.22 cents per cubic metre in 1982 (12.59 cents in 1981) to which a 62% surcharge (52.5% in 1981) was added for sewage purposes. Revenues deriving from both the sale of water and the sewer surcharge are not, however, reported as revenues of the Metropolitan Works Department but as Requisitions on Local Municipalities in accordance with Provincial reporting requirements. The net cost of operation of the Waterworks System amounted to $107,000 in 1982 reducing the accumulated net revenue at the credit of the System to $10,163,000 as at December 31, 1982.

Metropolitan Council originally instituted the sewer surcharge in 1974 to generate funds for Water Pollution Control purposes and at the same time to ease the burden which would otherwise fall on the mill rate. The surcharge, starting at 10%, has been increased annually, generally at the rate of 7½%, so that it stood at 52.5% of the water rate in 1981. In 1982 the surcharge was increased by 9½% to 62%, and the present intent is to continue to apply the same rate of increase and so meet Council's objective of eventually funding the cost of operation of the Water Pollution Control function entirely from the surcharge. It must be noted that since Water Pollution Control costs exceed those of Water Supply the surcharge will have to continue beyond 100% of the water rate.

ii) Provincial Grants

Provincial grant transfers to the Municipality comprise unconditional grants (principally per capita grants for general and policing purposes, together with general support and resource equalization grants) and conditional grants, primarily based on eligible municipal expenditures.

The total of grants and subsidies received in 1982 from the Province was $353,214,000 compared with $295,238,000 in 1981, an increase of $57,976,000 or 19.6%. The only change in Provincial grant policy was an increase of $1 per capita in the unconditional grant for general (but not Police) purposes which accounts for $2,189,180 or 3.8% of the increase. The balance is simply a reflection of increased spending in functional areas eligible for continuing Provincial subsidies.

iii) Other Revenue

This category includes all the operating revenues accruing to the Metropolitan Corporation and its consolidated local boards, commissions and agencies. They comprise fees and service charges from municipal enterprise activities, rents, concessions, franchises, licences, permits, fines, investment income, sales of land and equipment and other miscellaneous revenues.

The table below details total consolidated operating revenues over the past six years in both current and 1977 constant dollars and on a per capita basis. It will be noted that although inflation continues to erode the value of revenue dollars which the Municipality is receiving, there has been a significant increase in the per capita amount of constant dollars over the last few years.

(in thousands of dollars except per capita figures)

	1977	1978	1979	1980	1981	1982
Revenues in current dollars	772,553	854,693	946,192	1,041,521	1,190,141	1,347,400
Revenues in constant dollars	772,553	787,735	797,865	797,684	810,231	830,127
Revenues in constant dollars per capita	358	366	373	370	373	379

ACCUMULATED NET REVENUE - GENERAL MUNICIPAL PURPOSES

The surplus recorded by the Metropolitan Corporation in 1982, in excess of $33 million, represented the 29th consecutive annual surplus and is attributable to a number of circumstances, the more significant being:

(i) of the $37.2 million raised for general contingency purposes, operating circumstances finally required only $11.4 million, and

(ii) additional interest earnings of $5.2 million were received due to unanticipated increases in net cash flow.

RESERVES AND RESERVE FUNDS

The table below details the total consolidated reserves and reserve funds of the Municipality over the last six years:

	1977	1978	1979	1980	1981	1982
			(in thousands of dollars)			
Reserves and reserve funds	14,297	9,680	12,813	31,174	47,918	91,363
Total operating expenditures	785,433	854,028	924,223	1,044,932	1,173,755	1,369,277
	1.8%	1.1%	1.4%	3.0%	4.1%	6.7%

The steady increase in the proportion of reserves and reserve fund balances to total corporate expenditures is indicative of the stable and healthy financial condition of the Municipality. The sharp increase in the balances in reserve in 1982 is principally attributable to the creation during the year of a capital financing stabilizing reserve in the sum of $39,694,000 (see "Long-Range Capital and Financial Planning" section).

CAPITAL OPERATIONS

Capital expenditure in 1982 amounted to $171.4 million. More than half (56%) was spent on expansions and improvements to the transit system, while other major capital expenditures related to sewage and refuse disposal (15%) and the construction and improvement of Metropolitan roads (13%).

201 new buses (37 additions and 164 replacements) were received by the Toronto Transit Commission in 1982 at a total cost of $27.2 million, bringing the Commission's bus fleet to 1,440 and its total vehicle fleet to 2,597. Capital spending on design and construction work on the Scarborough Rapid Transit project amounted to $26.4 million during the year, with the project being scheduled to open in late 1984.

$16.7 million of total capital expenditure during the year related to improvements and refinements to the Main Sewage Treatment Plant, the largest in Canada and serving over half the population of Metropolitan Toronto. During the year, a computerized heat treatment system was installed and other major heat recovery projects undertaken.

Capital financing raised during 1982 amounted to $166,447,000 and was comprised principally of provincial capital grants in the sum of $86,771,000 (52%) and contributions from current operations of $51,399,000 (31%). In addition, long term debt incurred amounted to $10,145,000 (6%) while other miscellaneous sources of capital financing totalled $18,132,000 (11%).

LONG-RANGE CAPITAL AND FINANCIAL PLANNING

During the financial year 1982, Metro Council initiated a long-range capital and financial planning strategy for its general municipal purpose and municipal enterprise operations designed to ensure a balanced financing mix between internally generated revenues and bond financing for the Municipality's capital expenditures and other long-term capital improvements. The capital financing policy adopted is essentially designed to stabilize the contribution of the revenue fund towards capital expenditure at a level of 50% of the actual net capital financing requirements for the year. To the extent that the annual provision in the operating budget to finance capital expenditures out of current funds exceeds this limit, the excess is transferred to a capital financing stabilizing reserve; conversely if such annual provision amounts to less than the 50% guideline, the shortfall may be met by a draw upon the reserve.

DEBT STRUCTURE

The table below portrays the gradual decline in the level of net long-term liabilities of the Municipality of Metropolitan Toronto over the last six years in respect of its general municipal activities and municipal enterprises. Net long-term liabilities in respect of general municipal purposes are also expressed on a per capita basis and as a percentage of taxable assessment.

	1977	1978	1979	1980	1981	1982
	(in thousands of dollars)					
General Municipal Activities	494,163	493,320	502,961	478,786	452,608	419,148
- per capita	229	229	235	222	209	191
- percentage of taxable assessment	6.64%	6.47%	6.44%	5.96%	5.60%	4.99%
Municipal Enterprises	170,006	157,236	159,981	145,635	136,188	123,293

DEBT SERVICING

In 1976, the Council of the Municipality indicated that by 1983 the Metropolitan Corporation should meet a target for debt service charges in respect of general municipal purposes as a percentage of the annual general levy on Metropolitan taxpayers of no greater than 20 per cent per annum. Indeed, a range of between 15 per cent and 20 per cent was thought to be desirable. This was based on an anticipated declining rate of assessment growth and stabilization of population in Metropolitan Toronto. The table below records progress to date and indicates a level of 17.6% attained in 1982.

Debt charges as a Percentage of General Levy and Gross Expenditure

(in thousands of dollars)

	Debt Charges	General Levy	Percentages
1979	85,266	361,798.9	23.6
1980	86,950	389,062.8	22.3
1981	87,178	430,828.1	20.2
1982	85,853	486,570.5	17.6

	Debt Charges	Gross Expenditure	Percentages
1979	85,266	659,292	12.9
1980	86,950	758,245	11.5
1981	87,178	843,425	10.3
1982	85,853	999,419	8.6

DEBT RECORD

Included in the Statistical section is information in tabular and graphic form relating to the total debenture debt of the Metropolitan Area. In addition, a comprehensive portrayal of Metropolitan Corporation Debenture Debt is contained in the Municipality's Debenture Debt Report issued annually, copies of which are available at the address indicated at the commencement of this report.

The Metropolitan Corporation has always paid the full amount of the principal of and interest on every security issued by it, or for which it has become liable, all when due in the lawful currency of the country where payable at time of payment thereof.

SINKING FUNDS

The Municipality of Metropolitan Toronto Act provides that upon the issuance of "sinking fund debentures", a specific sum shall be levied annually which, together with interest capitalized yearly thereon at an interest rate not exceeding 8%, will be sufficient to repay the debentures in full at maturity.

As a result of the actuarial interest rates employed, surplus earnings related to debt service for all Metropolitan Corporation and Area Municipality purposes have consistently been achieved and have been applied, where applicable, to reduce levies for debt service during the term of the debentures. The reserve for abatement of such levies as at December 31, 1982 amounted to $71,818,000. In addition, an amount of over $125,000,000 of surplus funds, accumulated in excess of debts at maturity, has been applied to finance capital expenditures for which debentures would normally have been issued. The sinking fund accumulated surplus in excess of both the actuarial requirements and the reserve for abatement of future levies amounted to $57,202,000 at December 31, 1982.

SIGNIFICANT ACTIVITIES

Transportation

1982 was another record setting year for the Toronto Transit Commission in terms of passengers carried and service operated. The Commission succeeded in maintaining a balanced budget and a satisfactory revenue/cost ratio, while having to adjust to a decline in passenger growth and a shortfall in budgetted passengers. During the year, the Commission took delivery of twelve 60 foot articulated buses and one 75 foot light rail vehicle as part of a demonstration programme in conjunction with the Province of Ontario. The "bendable" buses carry about 50 per cent more passengers than the regular vehicles. Also tested in 1982 were ten "kneeling" buses that hydraulically lower at the front when they come to a stop to facilitate passenger boarding.

Social and Family Services

The implementation of a major departmental reorganization, finalized in 1982, saw the Department of Community Services move towards policy decisions encompassing a more humane, rationalized and effective social service environment for Metropolitan Toronto. The principal objective of the Department's restructuring was to provide for operational analysis and review, systems development, financial planning and analysis and standards setting capability, in order to ensure the effective design of social service policies and the enhancement of service delivery both for the immediate and longer term.

Protection

On March 22, 1982, the 911 Emergency Call System was introduced. This new system allows citizens within Metropolitan Toronto access to emergency response from fire, ambulance, or police personnel. An additional forty-six civilian personnel were hired to staff the work stations and maintain efficiency.

The Plaza II fire on August 19, 1982 demonstrated well the success of the 911 Emergency Call System. In the one-hour period between 11:00 a.m. and 12:00 noon, 578 calls were taken by the Bureau, with an average answering speed of 9 seconds.

CHANGE IN BASIS OF CONSOLIDATION

Commencing in 1982, the Ministry of Municipal Affairs and Housing of the Province of Ontario has directed that housing corporations, and in the case of Metropolitan Toronto, the Metropolitan Toronto Housing Company Limited, not be consolidated in the annual Financial Information Return submitted to the Ministry. This Return is essentially an economic and statistical package designed to facilitate the formulation of provincial economic and fiscal policy. Primarily, to ensure corporate reporting consistency and comparability, the operations of the Metropolitan Toronto Housing Co., Ltd. have not been consolidated in the 1982 financial statements of the Municipality of Metropolitan Toronto, and accordingly all relevant comparative figures, together with opening and closing balances, have been restated to reflect this change.

CONCLUDING COMMENTS

The overall financial condition of the Municipality of Metropolitan Toronto remains excellent, with the Metropolitan Corporation continuing to receive its Triple "A" rating in regard to its municipal debenture issues. The challenge that remains centres around efforts to keep annual rate of tax levy increases in line with increases in the rate of inflation; a task not made easier by the fact that unemployment rates are expected to remain high in the short term and that, consequently, upward pressure on the Municipality's social assistance dollar will continue. It is to meet these and other associated challenges that the Corporation has, in recent years, made significant strides in achieving improved effectiveness in the determination of spending priorities, in the allocation of resources and in preserving accountability and control. As a consequence, the Municipality has been able to cope with inflationary pressures and increased demands for municipal services while staying within its resources.

Respectfully submitted,

JOHN L. PICKARD, B. Com., F.C.A.
Commissioner of Finance and Treasurer

CONSOLIDATED FINANCIAL STATEMENTS

THE MUNICIPALITY OF METROPOLITAN TORONTO

SIX-YEAR CONSOLIDATED FINANCIAL REVIEW
(Not subject to audit)

(All dollar amounts are in thousands of dollars, except per capita figures)	1982	1981	1980	1979	1978	1977
Population at the end of the year	[illegible]	2,168,712	2,155,724	2,137,867	2,150,151	2,156,262
Area in acres at the end of the year	[illegible]	154,584	154,584	154,584	154,584	154,584
Employees - continuous full time	[illegible]	23,190	22,359	21,900	21,843	21,791
Assessment						
Taxable assessment upon which the year's rates of taxation were set						
Residential and farm	[illegible]	$4,266,197	$4,227,153	$4,127,631	$4,046,018	$3,922,159
Commercial and industrial	[illegible]	3,820,133	3,800,787	3,678,687	3,578,369	3,525,205
Total	[illegible]	$8,086,330	$8,027,940	$7,806,318	$7,624,387	$7,447,364
Per capita	[illegible]	$ 3,729	$ 3,724	$ 3,651	$ 3,546	$ [illegible],454
Commercial and industrial, and business as a percentage of taxable assessment	[illegible]	47.24%	47.34%	47.12%	46.93%	47.33%
Revenue for general municipal services						
Taxation	[illegible]	$ 527,807	$ 471,015	$ 431,628	$ 389,816	$ 348,236
Ontario grants	[illegible]	295,238	262,282	232,274	221,044	201,363
Other grants	[illegible]	291	49	32	42	72
Fees and service charges	[illegible]	291,549	245,064	225,206	200,687	186,797
Other	[illegible]	75,256	63,111	57,052	43,104	36,085
Total	[illegible]	$1,190,141	$1,041,521	$ 946,192	$ 854,693	$ 772,553
Expenditure - general municipal	[illegible]	$1,173,755	$1,044,932	$ 924,223	$ 854,028	$ 785,433
Transfers to the School Boards	[illegible]	$ 776,569	$ 689,866	$ 633,845	$ 587,941	$ 558,492
Net long term liabilities						
General municipal activities	[illegible]	$ 452,608	$ 478,786	$ 502,961	$ 493,320	$ 494,163
- per capita	[illegible]	209	222	235	229	229
- percentage of taxable assessment	[illegible]	5.60%	5.96%	6.44%	6.47%	6.64%
Municipal enterprises	[illegible]	$ 136,188	$ 145,635	$ 159,981	$ 157,236	$ 170,006
Charges for net long term liabilities						
General municipal activities	[illegible]	$ 87,178	$ 86,950	$ 85,266	$ 83,160	$ 72,328
- per capita	[illegible]	$ 40.20	$ 40.33	$ 39.88	$ 38.68	$ 33.54
- as a mill rate						
Capital financing during the year						
Contributions from own funds	[illegible]	$ 65,174	$ 57,327	$ 40,552	$ 35,036	$ 33,612
Long term liabilities incurred	[illegible]	17,501	15,413	65,335	35,639	122,574
Ontario grants	[illegible]	64,251	45,230	49,082	65,751	96,349
Other	[illegible]	14,867	22,570	28,403	24,181	29,912
Total	[illegible]	$ 161,793	$ 140,540	$ 183,372	$ 160,607	$ 282,447
Capital expenditure during the year	[illegible]	$ 140,328	$ 125,982	$ 151,337	$ 178,696	$ 222,886
Accumulated net revenue (deficit) at the end of the year	[illegible]	$ 59,426	$ 43,040	$ 46,451	$ 24,482	$ 23,817
Reserves and reserve funds	[illegible]	$ 47,918	$ 31,174	$ 12,813	$ 9,680	$ 14,297

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1
Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

**The Chairman, Members of Council,
Inhabitants and Ratepayers of the
Municipality of Metropolitan Toronto**

I have examined the consolidated balance sheet and supporting analysis of assets and liabilities of the Municipality of Metropolitan Toronto, its local boards and entities as at December 31, 1982 and the consolidated statements of revenue and expenditure, capital operations and the statements of continuity of trust funds and reserves and reserve funds for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Municipality of Metropolitan Toronto and its local boards and entities as at December 31, 1982, and the results of their operations and changes in their financial position for the year then ended, in accordance with accounting principles generally accepted for Ontario municipalities applied, after giving retroactive effect to the change in the basis of consolidation as explained in Note 1(a)(i) to the financial statements, on a basis consistent with that of the preceding year.

C.A.
METROPOLITAN AUDITOR

**Toronto, Ontario
August 11, 1983**

THE MUNICIPALITY OF METROPOLITAN TORONTO

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash	$ 4,810	$ 3,959
Accounts receivable (note 11)	159,448	143,586
Other current assets (notes 1(b), 10)	205,149	169,554
	369,407	317,099
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS (notes 1(c), 2)	755,178	816,735
OTHER LONG TERM ASSETS	1,996	2,302
	$1,126,581	$1,136,136
LIABILITIES		
CURRENT LIABILITIES		
Temporary loans	$ 2,819	$ 3,957
Accounts payable and accrued liabilities (notes 6, 7, 8)	185,317	123,854
Other current liabilities	13,128	12,897
	201,264	140,708
Provision for deferred Ontario Income Taxes	530	431
NET LONG TERM LIABILITIES (note 4)	736,272	799,974
RESERVES AND RESERVE FUNDS (notes 1(e), 3, 6, 9)	91,363	47,918
ACCUMULATED NET REVENUE AND UNAPPLIED CAPITAL RECEIPTS	97,152	147,105
	$1,126,581	$1,136,136

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

ANALYSIS OF CONSOLIDATED ASSETS AND LIABILITIES

DECEMBER 31, 1982

(in thousands)

	Revenue Fund	Consolidated Local Boards	Consolidated Municipal Enterprises	Capital Fund	Reserve Funds	Internal Fund Eliminations	Consolidated Total
Current Assets							
Cash	$ 1,286	$ 615	$ 2,728		$ 181		$ 4,810
Accounts receivable	79,862	135	69,255	$ 76,570	208	$ (66,582)	159,448
Other current assets	164,718	194	29,248	961	11,028	(1,000)	205,149
	245,866	944	101,231	77,531	11,417	(67,582)	369,407
Capital outlay to be recovered in future years		22,032	123,701	754,770		(145,325)	755,178
Other long term assets	1,996						1,996
Total	$247,862	$22,976	$224,932	$832,301	$11,417	$ (212,907)	$1,126,581
Current Liabilities							
Temporary loans	$ 3,700			$ 1,819		$ (2,700)	$ 2,819
Accounts payable and accrued liabilities	140,134	$ 941	$ 66,234	41,611	$ 279	(63,882)	185,317
Other current liabilities	1,242	3	11,883	—			13,128
	145,076	944	78,117	43,430	279	(65,582)	201,264
Provision for deferred Ontario Income Tax			530				530
Net long term liabilities		22,032	123,293	736,272		(145,325)	736,272
Reserves and reserve funds	69,504		10,721		11,138		91,363
Capital Stock			1,000			(1,000)	
Accumulated net revenue and unapplied capital receipts	33,282		11,271	52,599			97,152
Total	$247,862	$22,976	$224,932	$832,301	$11,417	$ (212,907)	$1,126,581

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982 Budget	1982 Actual	1981 Actual
		(in thousands)	
Accumulated Net Revenue, Beginning of year	$ 59,355	[illegible]	$ 43,040
Expenditures and Transfers			
Expenditures:			
General government	51,218	[illegible]	33,828
Protection to persons and property	299,285	[illegible]	254,961
Transportation services	474,961	[illegible]	418,653
Environmental services	181,198	[illegible]	154,669
Health services	32,935	[illegible]	25,671
Social and family services	252,552	[illegible]	195,711
Recreation and cultural services	85,514	[illegible]	80,115
Planning and development	9,025	[illegible]	10,147
Other	3,791		
	1,390,479	[illegible]	1,173,755
Transfers:			
Transfer to the Metropolitan Toronto School Board	902,547	[illegible]	776,569
	2,293,026	[illegible]	1,950,324
Revenue			
General Municipal purposes:			
Requisition on local municipalities	587,161	[illegible]	527,807
Ontario grants	348,274	[illegible]	295,238
Other	401,933	[illegible]	367,096
	1,337,368	[illegible]	1,190,141
School Board purposes:			
Revenue raised for the Metropolitan Toronto School Board	902,547	[illegible]	776,569
	2,239,915	[illegible]	1,966,710
Accumulated Net Revenue, End of year	$ 6,244	[illegible]	$ 59,426

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

CONSOLIDATED STATEMENT OF CAPITAL OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
Unexpended Capital Financing, Beginning of year	$ 70,918	$ 49,453
Capital Expenditures		
General government	638	801
Protection to persons and property	5,180	7,022
Transportation services	117,509	92,874
Environmental services	33,203	25,528
Health services	1,800	1,996
Social and family services	5,317	3,929
Recreation and cultural services	7,633	8,169
Planning and development	23	9
	171,367	140,328
Capital Financing		
General Municipal purposes:		
Contributions from the revenue fund	31,309	62,444
Contributions from reserve funds and reserves	2,451	2,730
Long term liabilities incurred	10,140	17,501
Ontario grants	86,771	64,251
Other	15,461	14,867
	[illegible]	161,793
Unexpended Capital Financing before appropriation of prior years' financing	[illegible]	
Appropriation of prior year's financing re general municipal purposes to capital financing stabilizing reserves (note 9)	[illegible]	
Unexpended Capital Financing, End of year	[illegible]	$ 70,918

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO
CONSOLIDATED TRUST FUNDS BALANCE SHEET
DECEMBER 31, 1982
(in thousands)

ASSETS

Cash on Hand and in Banks		$ 278
Securities, at cost (market value $14,608,000)		
Canada	$ 728	
Others	13,880	14,608
Other		
Accounts Receivable	35	
Interest Receivable on Investments	980	
Due from the Municipality of Metropolitan Toronto	395	1,410
		$16,296

LIABILITIES

Accounts Payable		$ 303
Fund Balances		
General Damages - In Trust	$ 225	
Homes for the Aged Residents	13,019	
Velma E. Francis Bequest	24	
Metropolitan Toronto Public Utilities Co-ordinating Committee	103	
Edwards Gardens - Coins from "Wishing Fountain"	1	
Bequest from Estate of Henry Jackman	50	
Community Services Department Donations	51	
Transient Traders' License Fees (held for possible payment of municipal taxes)	3	
Thackeray Landfill Restoration Fund	114	
Metropolitan Municipalities Liability Trust Account	390	
Scarborough Beare Road Ski Facilities	1,769	
Police Commission Trust Funds	178	
Security Deposits and Bonds	66	15,993
		$16,296

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO
STATEMENT OF CONTINUITY OF CONSOLIDATED TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
	(in thousands)	
Balance, Beginning of year	$14,945	$12,644
Including $142,000 reallocated from revenue fund as at January 1, 1982		
Capital Receipts		
Cash or collateral received	8,523	7,629
Membership fees	25	24
Increase (decrease) in value of securities	(185)	264
Interest earned	2,415	1,823
Sundry revenues	36	14
	10,814	9,754
Expenditures		
Payments made to Metropolitan Treasurer	2,545	2,395
Payments made to Provincial Courts	2,796	1,868
Payments made to or on behalf of area municipalities	583	498
Payments to or on behalf of residents	2,524	2,198
Payments made to sundry persons	1,242	630
Materials, supplies and services	76	6
	9,766	7,595
Balance, End of year	$15,993	$14,803

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

CONSOLIDATED STATEMENT OF CONTINUITY OF RESERVES AND RESERVE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
Available at the beginning of the year for future municipal purposes	$ 47,918	$ 31,175
Revenue		
Contributions from:		
- revenue fund	49,381	22,578
- capital fund	25,187	6
- others	290	21
Interest earned	3,217	2,126
	78,075	24,731
Expenditure		
Transfers to capital fund	2,691	2,730
Charges for insurance claims	4,150	3,182
Other charges	27,789	2,076
	34,630	7,988
Available at the year end for future municipal purposes	$ 91,363	$ 47,918
Made up of the following:		
Reserves:		
Capital Financing Stabilization (note 9)		
Metropolitan Toronto	$ 39,694	
Waterworks	614	
Exchange Stabilization	2,703	$ 2,743
Equipment Replacement	2,723	2,300
Corporate Sick Pay Grant Liability	-	8,220
Acquisition of Parklands	1,000	1,000
Construction of Convention Centre	13,900	9,000
Public Liability and Workers Compensation	3,515	3,515
Modernization and Expansion of Gray Coach Terminals	[illegible],000	4,100
C.N.E. Association:		
- Contingency for Inventory Loss	59	59
- Repairs and Maintenance	15	15
Emergency Response Facility	1,000	500
Metro Capital Facilities	5,000	
Additional Sick Pay Liability - Police Commission	868	
Debenture Interest Accrual	9,729	
Carried forward	88,017	31,452

	1982	1981
	(in thousands)	
Brought forward	$ 80,017	$ 31,452
Reserve Funds		
Ministry of the Environment - Reserve Fund for Contingencies	111	107
Insurance	720	654
Police Pension Improvements		15,449
Exhibition Stadium Capital Improvements	48	2
C.N.E. Association - Prize Guarantee Fund	150	150
Metro Waterworks System - Reserve Fund for Future Easement Purchases	58	53
O'Keefe Centre Capital Improvement	180	51
Corporate Sick Pay Grant Liability	10,079	
	11,346	16,466
	$ 91,363	$ 47,918

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) Statement Presentation

(i) Consolidation

These statements consolidate the operations and results of the Municipality and the following local boards and municipal enterprises:

- Metropolitan Board of Commissioners of Police
- Metropolitan Licensing Commission
- Metropolitan Waterworks System
- Metropolitan Toronto Library Board
- Toronto Transit Commission
- Gray Coach Lines, Limited
- Exhibition Stadium Corporation
- Exhibition Place
- Board of Management of the O'Keefe Centre
- Board of Management of the Metropolitan Toronto Zoo

In accordance with guidelines established by the Ministry of Municipal Affairs and Housing for Ontario Municipalities, the operations and results of the Metropolitan Toronto Housing Company, Ltd. have not been included in these financial statements since net operating costs are fully funded by senior levels of governments. Accordingly, there is no significant net effect on the Consolidated Statement of Revenue and Expenditure of the Municipality. Net current liabilities of $25,000,000, capital outlay to be recovered in future years of $252,000,000 and long term debt of $227,000,000 of the Housing Company have been excluded from the consolidated balance sheet. Comparative figures for 1981, which when previously reported included the Metropolitan Toronto Housing Company, Ltd., have been restated accordingly.

(ii) Statement of Revenue and Expenditure

This statement reflects the revenues and expenditures of the revenue fund of the Municipality and the local boards and municipal enterprises listed in 1(a)(i).

Also included therein is the Metropolitan Education Levy requisitioned upon the Metropolitan area municipalities and the accompanying transfer of such requisition to the Metropolitan Toronto School Board.

(iii) Statement of Capital Operations

This statement reflects the capital expenditure and related capital financing to be recovered from the general municipal revenue of the Municipality and from its local boards and municipal enterprises as set out in note 1(a)(i).

Long term liabilities incurred in the year of $30,216,000 (1981 -$60,853,000) on behalf of area municipalities are not reflected in this statement; repayment of this debt will be made by the respective area municipalities.

(iv) Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, the capital fund and reserve funds of the Municipality together with the assets and liabilities of the local boards and municipal enterprises as detailed in note 1(a)(i).

Also included therein are the net long term liabilities of the Metropolitan Toronto School Board and the related capital outlay to be recovered in future years.

(v) Statement of Continuity of Trust Funds

Trust funds administered by the Municipality in the aggregate amount of $15,993,000 (1981 - $14,945,000) are reflected only in the "Statement of Continuity of Trust Funds".

(vi) Statement of Continuity of Reserves and Reserve Funds

This statement includes revenues and expenditures related to Reserves and Reserve Funds of the Municipality and its local boards and municipal enterprises as set out in note 1(a)(i).

(b) Inventories

Inventories of supplies amounting to $17,263,000 (1981 - $14,847,000) and included in "Other Current Assets" on the balance sheet are valued at cost of acquisition.

(c) Fixed Assets and Depreciation

Fixed assets are valued at the aggregate of the principal portion of net long term liabilities; capital funds transferred to local boards and municipal enterprises of the Municipality to the extent that they have been applied to capital purposes; and the cost of capital projects yet to be permanently financed and reported on the Balance Sheet as "capital outlay to be recovered in future years". Accordingly, no depreciation is charged in the accounts.

(d) Liabilities Payable in Foreign Currencies

Long term debt payable in foreign currencies has been converted into Canadian funds at the exchange rates prevailing at the time the debt was incurred.

(e) Charges for Long Term Liabilities

Debt servicing costs (principal and interest) are charged against current revenues in the periods in which they fall due. Interest charges are not accrued for the periods from the dates of the latest interest payments to the end of the financial year. It is the intention of Metropolitan Council to adopt a system of full accrual of debenture interest charges on January 1, 1985, and to permit the phasing of the fiscal impact over intervening years allocations are being made to a reserve established for this purpose.

2. CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS

(a) Some capital outlay to be recovered in future years does not represent a burden on general municipal revenues as it is to be recovered in future years from the following local boards and municipal enterprises:

	1982	1981
	(in thousands)	
Metropolitan Toronto School Board	$193,831	$211,176
Metropolitan Waterworks System	96,731	100,948
Toronto Transit Commission	26,970	30,046

(b) Capital outlays, fixed asset purchases and transfers of capital funds totalling $51,399,000 (1981 - $62,444,000) which have been financed from current revenues are reported on the "Statement of Revenue and Expenditure".

3. RESERVES AND RESERVE FUNDS

During the year, $28,774,000 was credited directly to Reserves and Reserve Funds without being recorded as revenues and expenditures of the revenue fund of the Municipality and its local boards and municipal enterprises, as follows:

	1982	1981
	(in thousands)	
Income from investments	$ 3,217	$ 2,126
Contributions from capital fund	25,307	6
Contributions from others	250	21
	$28,774	$ 2,153

4. NET LONG TERM LIABILITIES

(a) Debenture Debt

Under the provisions of the Municipality of Metropolitan Toronto Act, the Metropolitan Corporation has the sole responsibility for borrowing money for its own account, the accounts of its local boards and municipal enterprises, and for the accounts of its area municipalities and their local boards and enterprises. It also assumed, under the provisions of the Act, certain debt incurred directly by its area municipalities prior to this statutory responsibility. Where money is borrowed or debt assumed on behalf of other bodies, repayment of the related debt servicing requirements is made by these bodies to the Municipality.

(b) Other Long Term Obligations

Included in this category is the long term obligation arising out of a lease purchase agreement entered into by the Municipality in respect of the Animal Domain Ride vehicles at the Metropolitan Toronto Zoo amounting to $3,706,000 (1981 - $3,969,000) and a long term interest free loan payable to the Province of Ontario in connection with the capital cost of the expansion of Exhibition Stadium amounting to $8,177,000 (1981 - $8,177,000).

(c) Reconciliation of Gross Long Term Liabilities with Net Long Term Liabilities as reported on the Balance Sheet

In respect of debenture debt

Total principal amount outstanding and incurred by the Municipality

	(in thousands)	
- for own account	$693,106	
- for local boards and municipal enterprises	234,150	
- for Metropolitan Toronto School Board	275,089	
- for area municipalities	415,950	$1,618,295

Brought forward			$1,618,295
Total principal amount outstanding incurred by area municipalities and assumed by the Municipality			
- for own account		1,133	
- for local boards and municipal enterprises		576	
- for Metropolitan Toronto School Board		140	1,849
			1,620,144
Less: Principal amount outstanding payment of which is to be recovered from others			
- from area municipalities		415,950	
- from Province of Ontario (in respect of assets assumed)		15,529	431,479
			1,188,665
Less: Value of funds accumulated to retire outstanding long term liabilities			
Sinking Fund			
- for own account	$271,148		
- for local boards and municipal enterprises	111,433		
- for Metropolitan Toronto School Board	81,399	$463,980	
Ministry of the Environment Debt Retirement Fund		296	464,276
Net Long Term Liabilities - Debenture Debt			724,389
In respect of other long term obligations			
Net Long Term Liabilities			
- **Capital Leases**		3,706	
- **Long Term Loans**		8,177	11,883
Total Net Long Term Liabilities			$ 736,272
Analysed as follows:			
To be recovered from the revenues of the Metropolitan Toronto School Board			$ 193,831
To be recovered from the general municipal revenues of the Municipality and its local boards and municipal enterprises as detailed in note 1(a)(i)			542,441
			$ 736,272

(d) Translation of Net Long Term Liabilities Payable in U.S. Funds

Included in the total of $736,272,000 is an amount of $223,013,000 payable in U.S. funds and converted at rates of exchange prevailing at the times the liability was incurred. If translated at the exchange rate prevailing at December 31, 1982, the Canadian dollar equivalent of this amount of debt would be increased by $37,359,000 (1981 -$30,393,000).

5. CHARGES FOR LONG TERM LIABILITIES

Payments and recoveries in respect of the total debt incurred by the Municipality for its own account and on account of its local boards and municipal enterprises, including the Metropolitan Toronto School Board, are set out below. Included therein are payments in respect of the capital leases entered into and long term loans incurred by the Municipality.

	1982	1981
	(in thousands)	
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	$ 50,535	$ 51,258
Interest	100,452	101,990
	150,987	153,248
Recoveries from the Metropolitan Toronto School Board - Principal	16,810	15,964
- Interest	20,955	22,975
	37,765	38,939
Charges for long term liabilities recovered from general municipal revenues of the Municipality and its local boards and municipal enterprises as set out in note 1(a)(i)	$113,222	$114,309

The amount of $113,222,000 is charged to expenditures on the "Statement of Revenue and Expenditure" under the appropriate functional classifications and consists of principal payments of $33,725,000 and interest payments of $79,497,000.

6. VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the employment of the Municipality or some of its local boards and municipal enterprises.

Metropolitan Council on April 23, 1982 approved the setting up of a Corporate Sick Pay Reserve Fund to cover payouts to employees of the Metropolitan Corporation including employees of the Metropolitan Waterworks System and the Metropolitan Toronto Housing Company Limited, such that contributions to the fund are sufficient to offset expected payouts over a given period of time. Projections are required to be made over a forecast period of ten years, such projection process being repeated every two years. It is anticipated that this process will stabilize the financial impact on the Corporation in respect of future payment of vested sick leave benefits.

Based on the latest projections, contributions to the Corporate Sick Pay Reserve Fund in respect of employees of the Metropolitan Corporation, the Waterworks System and the Housing Company are anticipated to amount to $21,664,000 for the years 1983-1987 and $36,806,000 for the years 1988-1992 and allow the funds in reserve to remain generally between 15 and 20 per cent of the contingent liability represented by vested sick leave benefits. As at December 31, 1982, the balance of the Corporate Sick Pay Reserve Fund was $10,079,000 while the contingent liability in regard to vested sick leave benefits amounted to $53,986,000.

The contingent liability in respect of unused sick leave for employees of other consolidated enterprises which maintain vested sick leave benefit plans is unfunded and was $1,199,000 as at December 31, 1982. Payment of sick pay grants to such employees are charged to current revenues when paid.

7. PAST SERVICE PENSION COSTS

In addition to regular payments in respect of current service, the Municipality is obigated to pay the following amounts in respect of past service into various pension and benefit plans as follows:

	1983-1987	1988-1992	1993-1994	Total
		(in thousands)		
To be recovered from:				
General Municipal Revenues	$67,017	$66,233	$13,258	$146,508
Municipal Enterprises	1,909	1,909		3,818
	$68,926	$68,142	$13,258	$150,326

No provision has been made in the accounts for these obligations.

8. CONTRACTUAL OBLIGATIONS

Obligations under long term operating leases for office space and equipment for the period 1983 to 1994 were $25,070,000. These commitments and liabilities will be financed from revenue and have been approved by the Ontario Municipal Board.

9. CAPITAL FINANCING STABILIZING RESERVES

General Municipal Purposes

Metropolitan Council, in considering the 1981 current estimates, approved the creation of a Capital Financing Stabilizing Reserve in respect of general municipal purposes, commencing in 1982, for the purpose of stabilizing the contribution of the revenue fund towards capital expenditure at a level no greater than 50 per cent of the actual net capital financing requirements for the year. The guidelines for the operation of the Reserve stated that to the extent that the annual provision in the operating budget to finance capital expenditures exceeds this limit, the surplus would be transferred to the Reserve; conversely if such annual provision amounts to less than this limit, the Metropolitan Treasurer could draw upon the Reserve to meet any shortfall.

Resulting from 1982 capital operations and in accord with this policy, an amount of $27,592,000 was utilized from current operations to finance capital expenditures while $14,394,000 was transferred to the Reserve.

Additionally, an amount of $25,300,000 consisting primarily of the excess of the current contribution to capital financing over the net capital expenditures accumulated to the end of 1981, was credited to the Reserve in 1982.

The balance of the Reserve accordingly was $39,694,000 as at December 31, 1982.

Waterworks Purposes

Metropolitan Council approved the creation of a Reserve similar to the above for Waterworks purposes. The balance of the Reserve was $615,000 as at December 31, 1982.

10. OTHER CURRENT ASSETS

Included in "Other Current Assets" are investments of $177,815,000 which consist principally of short-term investments. The market value of the investments at December 31, 1982 approximates book value.

11. SINKING FUNDS SURPLUS MONIES

The actual Sinking Funds reflected in the value of net long term liabilities at the end of the year do not include specific accumulations at that date in excess of the total related debt. These accumulations, amounting to $12,635,000 (1981 - $9,200,000) are subject to a decision of the Metropolitan Council as to their use for either capital or revenue purposes and accordingly have not been reflected in the financial statements. These amounts have been received by the Metropolitan Corporation and its local boards and municipal enterprises in 1983.

12. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of The Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Municipality of Metropolitan Toronto, its local boards and municipal enterprises are subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Municipality of Metropolitan Toronto, its boards and enterprises are subject to restraint under the Provincial program.

13. COMPARATIVE FIGURES

Certain of the 1981 figures in the financial statements have been restated to conform with the presentation adopted in 1982.

FINANCIAL STATEMENTS OF CONSOLIDATED ENTITIES

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1
Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

The Chairman and Members of the
Metropolitan Council of
Municipality of Metropolitan Toronto

I have examined the balance sheet of The Municipality of Metropolitan Toronto as at December 31, 1982, and the statements of revenue and expenditure, capital operations, continuity of trust funds, and reserves and reserve funds for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Municipality as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for Ontario municipalities applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
July 15, 1983

THE MUNICIPALITY OF METROPOLITAN TORONTO

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash	$ 1,461	$ 1,456
Accounts receivable (note 12)	148,942	129,855
Other current assets (note 10)	176,708	146,977
	327,111	278,288
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS (notes 2, 4)	754,603	815,951
OTHER LONG TERM ASSETS	1,996	2,302
	$1,083,710	$1,096,541
LIABILITIES		
CURRENT LIABILITIES		
Temporary loans	$ 5,519	$ 3,619
Accounts payable and accrued liabilities (notes 6, 7, 8)	174,101	122,661
Other current liabilities	1,242	330
	180,862	126,610
NET LONG TERM LIABILITIES (note 4)	736,272	799,973
RESERVES AND RESERVE FUNDS (note 3)	80,654	39,454
ACCUMULATED NET REVENUE AND UNAPPLIED CAPITAL RECEIPTS	85,922	130,504
	$1,083,710	$1,096,541

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

ANALYSIS OF ASSETS AND LIABILITIES

DECEMBER 31, 1982

(in thousands)

	Revenue Fund	Capital Fund	Reserve Funds	Internal Fund Eliminations	Total
CURRENT ASSETS					
Cash	$ 1,280		$ 181		$ 1,461
Accounts receivable	79,905	$ 76,068	208	$(7,239)	148,942
Other current assets	164,719	961	11,028		176,708
	245,904	77,029	11,417	(7,239)	327,111
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS		754,603			754,603
OTHER LONG TERM ASSETS	1,996				1,996
TOTAL	$247,900	$831,632	$11,417	$(7,239)	$1,083,710
CURRENT LIABILITIES					
Temporary loans	$ 3,700	$ 1,819			$ 5,519
Accounts payable and accrued liabilities	140,130	40,942	$ 268	$(7,239)	174,101
Other current liabilities	1,242				1,242
	145,072	42,761	268	(7,239)	180,862
NET LONG TERM LIABILITIES		736,272			736,272
RESERVES AND RESERVE FUNDS	69,505		11,149		80,654
ACCUMULATED NET REVENUE AND UNAPPLIED CAPITAL RECEIPTS	33,323	52,599			85,922
TOTAL	$247,900	$831,632	$11,417	$(7,239)	$1,083,710

THE MUNICIPALITY OF METROPOLITAN TORONTO

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982 Budget	1982 Actual	1981 Actual
		(in thousands)	
Accumulated Net Revenue, Beginning of year	$ 48,796	$ 48,796	$ 31,062
Expenditures and Transfers			
Expenditures:			
General government	52,468	66,452	36,079
Protection to persons and property	299,285	291,096	254,961
Transportation services	179,082	183,706	159,592
Environmental services	120,172	104,768	98,607
Health services	32,935	30,152	25,671
Social and family services	261,726	257,122	203,980
Recreation and cultural services	58,919	57,636	54,387
Planning and development	9,026	8,487	10,148
Other	3,791		
	1,017,404	999,419	843,425
Transfers:			
Transfer to the Metropolitan Toronto School Board	902,548	907,773	776,569
	1,919,952	1,907,192	1,619,994
Revenue			
General Municipal purposes:			
Requisition on local municipalities	530,434	531,288	473,256
Ontario grants	346,805	351,688	293,464
Other	91,369	100,970	94,439
	968,608	983,946	861,159
School Board purposes:			
Revenue raised for the Metropolitan Toronto School Board	902,548	907,773	776,569
	1,871,156	1,891,719	1,637,728
Accumulated Net Revenue, End of year	$ -	$ 33,323	$ 48,796

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

STATEMENT OF CAPITAL OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
Unexpended Capital Financing, Beginning of year	**$65,730**	$47,390
Capital Expenditures and Transfers		
Expenditures		
General government	**658**	801
Protection to persons and property	**5,140**	7,023
Transportation services	**104,968**	82,684
Environmental services	**25,089**	16,197
Health services	**1,840**	1,996
Social and family services	**5,302**	3,944
Recreation and cultural services	**6,893**	7,002
Planning and development	**25**	9
	149,915	119,656
Transfer of proceeds of issue of long term liabilities to Metropolitan Toronto Waterworks System	**1,001**	5,089
	150,916	124,745
Capital Financing		
General Municipal purposes:		
Contributions from the revenue fund	**35,790**	47,332
Contributions from reserve funds and reserves	**2,691**	2,696
Long term liabilities incurred	**9,131**	12,362
Ontario grants	**82,746**	62,047
Other	**13,395**	13,559
	143,753	137,996
Municipal Enterprise purposes:		
Long term liabilities incurred on behalf of the Metropolitan Toronto Waterworks System	**1,001**	5,089
	144,754	143,085
Unexpended Capital Financing before appropriation of prior years' financing	**59,568**	
Appropriation of prior year's financing re general municipal purposes to capital financing stabilizing reserve (note 9)	**25,300**	
Unexpended Capital Financing, End of year	[illegible]	$65,730

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

TRUST FUNDS BALANCE SHEET

DECEMBER 31, 1982

(in thousands)

ASSETS

Cash on Hand and in Banks		$ 278
Securities, at cost (market value $14,608,000)		
Canada	$ 728	
Others	13,880	14,608
Other		
Accounts Receivable	35	
Interest Receivable on Investments	980	
Due from the Municipality of Metropolitan Toronto	395	1,410
		$16,296

LIABILITIES

Accounts Payable		$ 303
Fund Balances		
General Damages - In Trust	$ 225	
Homes for the Aged Residents	13,019	
Velma E. Francis Bequest	24	
Metropolitan Toronto Public Utilities Co-ordinating Committee	103	
Edwards Gardens - Coins from "Wishing Fountain"	1	
Bequest from Estate of Henry Jackman	50	
Community Services Department Donations	51	
Transient Traders' License fees (held for possible payment of municipal taxes)	3	
Metropolitan Municipalities Liability Trust Account	390	
Thackeray Landfill Restoration Fund	114	
Scarborough Beare Road Ski Facilities	1,769	
Police Commission Trust Funds	178	
Security Deposits and Bonds	66	15,993
		$16,296

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

STATEMENT OF CONTINUITY OF TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
Balance, Beginning of year	$14,945	$12,644
Including $142,000 reallocated from revenue fund as at January 1, 1982		
Capital Receipts		
Cash or collateral received	8,523	7,629
Membership fees	25	24
Increase (decrease) in value of securites	(185)	264
Interest earned	2,415	1,823
Sundry revenues	36	14
	10,814	9,754
Expenditures		
Payments made to Metropolitan Treasurer	2,545	2,395
Payments made to Provincial Courts	2,796	1,868
Payments made to or on behalf of area municipalities	583	498
Payments to or on behalf of residents	2,524	2,198
Payments made to sundry persons	1,242	630
Materials, supplies and services	76	6
	9,766	7,595
Balance, End of year	$15,993	$14,803

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

STATEMENT OF CONTINUITY OF RESERVES AND RESERVE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
Available at the beginning of the year for future municipal purposes	$39,454	$23,994
Revenue		
Contributions from - revenue fund	41,908	17,412
- capital fund	25,307	6
- local boards and agencies	604	108
- others	178	21
Interest earned	3,211	2,121
	71,208	19,668
Expenditure		
Transfers to - capital fund	2,691	2,696
- revenue fund	56	31
- local boards and agencies		34
- police benefit fund	22,349	
Charges for insurance claims	706	556
Charges for equipment replacement and maintenance	1,533	891
Charges for sick pay grants	2,673	
	30,008	4,208
Available at the year end for future municipal purposes	$80,654	$39,454
Made up of the following:		
Reserves		
Exchange Stabilization	$ 2,359	$ 2,359
Equipment Replacement	2,723	2,301
Acquisition of Parklands	1,000	1,000
Emergency Response Facility	1,000	500
Construction of Convention Centre	13,500	9,000
Corporate Sick Pay Grant Liability		8,000
Additional Sick Pay Liability - Police Commission	404	
Debenture Interest Accrual	3,825	
Metro Capital Facilities	5,000	
Capital Financing Stabilization	39,694	
	69,505	23,160
Reserve Funds		
Ministry of the Environment - Reserve Fund for Contingencies	111	107
Insurance Reserve Fund	731	685
Stadium - Capital Improvements Reserve Fund	48	2
O'Keefe Centre - Capital Improvements and Rehabilitation Reserve Fund	180	51
Police Pension Improvements Reserve Fund		15,449
Corporate Sick Pay Grant Liability Reserve Fund	10,079	
	11,149	16,294
	$80,654	$39,454

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) Statement Presentation

(i) Statement of Revenue and Expenditure

This statement reflects the revenues and expenditures of the revenue fund of the Municipality. Also included therein is the Metropolitan Education Levy requisitioned upon the Metropolitan area municipalities and the accompanying transfer of such requisition to the Metropolitan Toronto School Board.

The operations of the following local boards are, because of their legal relationship to the Municipality and for administrative purposes, contained within the books of account of the Corporation and are accordingly consolidated within these financial statements:

Metropolitan Board of Commissioners of Police
Metropolitan Licensing Commission

The following local boards and municipal enterprises of the Municipality are not consolidated in these financial statements:

Metropolitan Toronto Waterworks System
Metropolitan Toronto Library Board
Toronto Transit Commission
Gray Coach Lines, Limited
Exhibition Stadium Corporation
Exhibition Place
Metropolitan Toronto Housing Company Limited
Board of Management of the O'Keefe Centre
Board of Management of the Metropolitan Toronto Zoo
Metropolitan Toronto School Board

(ii) Statement of Capital Operations

This statement reflects the capital expenditure of the Municipality, the Metropolitan Board of Commissioners of Police and the Metropolitan Licensing Commission, all to be recovered from the general municipal revenues of the Municipality.

The Statement of Capital Operations discloses separately long term debt incurred on behalf of the Metropolitan Toronto Waterworks System together with the accompanying transfer of capital funds.

Long term liabilities of $28,696,000 (1981 - $60,853,000) incurred in the year on behalf of area municipalities are not reflected in this statement. Repayment of this debt will be made by the respective area municipalities.

(iii) Balance Sheet

This statement reflects the assets and liabilities of the revenue, capital and reserve funds of the Municipality, the Metropolitan Board of Commissioners of Police and the Metropolitan Licensing Commission. The assets and liabilities of local boards and municipal enterprises that have not been consolidated are reflected only to the extent of their related net long term liabilities and capital outlay to be recovered in future years.

(iv) Statement of Continuity of Trust Funds

Trust funds administered by the Municipality in the aggregate amount of $15,993,000 (1981 - $14,803,000) are reflected only in the Statement of Continuity of Trust Funds.

(v) Statement of Continuity of Reserves and Reserve Funds

This statement includes revenues and expenditures related to reserves and reserve funds of the Municipality, the Metropolitan Board of Commissioners of Police and the Metropolitan Licensing Commission.

(b) Inventories

Inventories of supplies amounting to $2,873,000 (1981 - $2,190,000) and included in "Other Current Assets" on the balance sheet are valued at cost of acquisition.

(c) Fixed Assets and Depreciation

Fixed assets are valued at the aggregate of the principal portion of net long term liabilities, the cost of capital projects yet to be permanently financed, and capital funds transferred to local boards and municipal enterprises of the Municipality, and reported on the Balance Sheet as "Capital Outlay to be recovered in Future Years". Accordingly, no depreciation is charged in the accounts.

(d) Liabilities Payable in Foreign Currencies

Long term debt payable in U.S. Funds has been converted into Canadian Funds at the exchange rates prevailing at the time the debt was incurred.

(e) Charges for Long Term Liabilities

Debt servicing costs (principal and interest) are charged against current revenues in the periods in which they fall due. Interest charges are not accrued for the periods from the dates of the latest interest payments to the end of the financial year. It is the intention of Metropolitan Council to convert to a system of full accrual of debenture interest charges on January 1, 1985 and to permit the phasing of the fiscal impact over intervening years allocations are being made to a reserve established for this purpose.

2. CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS

(a) Some capital outlay to be recovered in future years does not represent a burden on general municipal revenues as it is to be recovered either from revenue of the School Board or from the individual municipal enterprises as follows:

	1982	1981
	(in thousands)	
Metropolitan Toronto School Board	$193,831	$211,176
Metropolitan Toronto Waterworks System	96,323	106,143
Toronto Transit Commission	26,970	30,046

(b) Capital outlays, fixed asset purchases and transfers of capital funds totalling $35,790,000 (1981 - $47,332,000) which have been financed from general municipal revenues of the current year are reported on the "Statement of Revenue and Expenditure".

3. RESERVES AND RESERVE FUNDS

During the year $29,300,000 was credited directly to Reserves and Reserve Funds without being recorded as revenues and expenditures of the revenue fund of the Municipality, as follows:

	1982	1981
	(in thousands)	
Income from investments	$ 3,211	$2,121
Contributions from local boards and agencies	604	108
Contributions from capital fund	25,307	6
Contributions from others	178	21
	$29,300	$2,256

4. NET LONG TERM LIABILITIES

(a) Debenture Debt

Under the provisions of the Municipality of Metropolitan Toronto Act, the Metropolitan Corporation has the sole responsibility for borrowing money for its own account, the accounts of its local boards and municipal enterprises, and for the accounts of its area municipalities and their local boards and enterprises. It also assumed, under the provisions of the Act, certain debt incurred directly by its area municipalities prior to this statutory responsibility. Where money is borrowed or debt assumed on behalf of other bodies, repayment of the related debt servicing requirements is made by these bodies to the Municipality.

(b) Other Long Term Obligations

Included in this category is the long term obligation arising out of a lease purchase agreement entered into by the Municipality in respect of the Animal Domain Ride vehicles at the Metropolitan Toronto Zoo amounting to $3,706,000 (1981 - $3,969,000) and a long term interest free loan payable to the Province of Ontario in connection with the capital cost of the expansion of Exhibition Stadium amounting to $8,177,000 (1981 -$8,177,000)

(c) Reconciliation of Gross Long Term Liabilities with Net Long Term Liabilities as reported on the Balance Sheet

In respect of debenture debt

Total principal amount outstanding and incurred by the Municipality		
	(in thousands)	
- for own account	$693,106	
- for local boards and municipal enterprises	234,150	
- for Metropolitan Toronto School Board	275,089	
- for area municipalities	415,950	$1,618,295
Total principal amount outstanding incurred by area municipalities and assumed by the municipality		
- for own account	1,133	
- for local boards and municipal enterprises	576	
- for Metropolitan Toronto School Board	140	1,849
		1,620,144

			(in thousands)
Brought forward			$1,620,144
Less: Principal amount outstanding payment of which is to be recovered from others			
- from area municipalities		415,950	
- from Province of Ontario (in respect of assets assumed)		15,529	431,479
			1,188,665
Less: Value of funds accumulated to retire outstanding long term liabilities			
Sinking Fund			
- for own account	271,148		
- for local boards and municipal enterprises	111,433		
- for Metropolitan Toronto School Board	81,399	463,980	
Ministry of the Environment Debt Retirement Fund		296	464,276
Net Long Term Liabilities - Debenture Debt			724,389
In respect of other long term obligations			
Net Long Term Liabilities - Capital leases		3,706	
- Long term loans		8,177	11,883
Total Net Long Term Liabilities			$ 736,272
Net long term liabilities outstanding are in respect of the following purposes (in thousands):			
- General municipal activities other than the Metropolitan Toronto Library Board			$ 397,116
- The Metropolitan Toronto Library Board			22,032
			419,148
- The Metropolitan Toronto Waterworks Systems (recovered from the revenues of the Waterworks System)			96,323
- The Toronto Transit Commission (recovered from the revenues of the Commission)			26,970
- The Metropolitan Toronto School Board (recovered from the revenues of the School Board)			193,831
			$ 736,272

(d) Translation of net long term liabilities payable in U.S. funds

Included in the total of $736,272,000 is an amount of $223,013,000 payable in U.S. funds and converted at rates of exchange prevailing at the time the liability was incurred. If translated at the exchange rate prevailing at December 31, 1982, the Canadian dollar equivalent of this amount of debt would be increased by $37,359,000 (1981 -$30,393,000).

5. CHARGES FOR LONG TERM LIABILITIES

Payments and recoveries in respect of the total debt incurred by the Municipality for its own account and on account of its local boards and municipal enterprises are set out below. Also included are payments in respect of capital leases entered into by the Municipality, and, where applicable, loan repayments to the Province of Ontario in respect of the long term loan for the expansion of Exhibition Stadium.

	1982	1981
	(in thousands)	
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	$ 50,535	$ 51,258
Interest	100,452	101,990
	150,987	153,248
Recoveries from local boards and municipal enterprises for whom the long term liability was incurred	65,134	66,070
	$ 85,853	$ 87,178

The amount of $85,853,000 is charged to expenditures on the "Statement of Revenue and Expenditure" under the appropriate functional classifications and consists of principal payments of $25,868,000 and interest payments of $59,985,000. Payments of interest and principal on debt issued in U.S. currency included in these amounts are reflected at the actual Canadian dollar costs incurred. Principal payments include the sum of $1,183,000 (1981 -$1,236,000) which reflects the excess of costs of conversion to U.S. funds over the corresponding principal amounts recorded at the time the debt was issued.

6. CONTRACTUAL OBLIGATIONS

(a) Capital Fund

Property Settlements Outstanding

Due to the lengthy processes involved in the agreement of the valuation of properties expropriated for capital improvements, there were a number of settlements outstanding at the end of the year. In view of the complexities of arriving at valuations of such properties, no liability has been brought to account or determined for such outstanding property settlements as at December 31, 1982.

(b) Revenue Fund

Reduced T.T.C. Fares for the Elderly

The Municipality has entered into an agreement with the Toronto Transit Commission whereby the Municipality has undertaken to assume the cost of the difference between the cost of regular adult fares and half-fares paid by residents of the Municipality 65 years of age and over, effective January 1, 1971, as amended. This agreement continues in force until terminated by either party on sixty days' notice. Expenditures by the Municipality amounted to $8,407,000 in 1982 and provision has been made in the estimates for 1983 for an expenditure of $8,800,000 in this regard.

7. VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

Metropolitan Council on April 23, 1982 approved the setting up of a Corporate Sick Pay Reserve Fund to cover payouts to employees of the Metropolitan Corporation, the Metropolitan Waterworks System and the Metropolitan Toronto Housing Company Limited, such that contributions to the fund are sufficient to offset expected payouts over a given period of time. Projections are required to be made over a forecast period of ten years, such projection process being repeated every two years. It is anticipated that this process will stabilize the financial impact on the Corporation in respect of future payment of vested sick leave benefits.

Based on the latest projections, contributions to the Corporate Sick Pay Reserve Fund are anticipated to amount to $21,664,000 for the years 1983-1987 and $36,806,000 for the years 1988-1992 and allow the funds in reserve to remain generally between 15 and 20 per cent of the contingent liability represented by vested sick leave benefits. As at December 31, 1982, the balance of the corporate sick pay reserve fund stood at $10,079,000 while the contingent liability in regard to vested sick leave benefits amounted to $53,986,000.

8. PAST SERVICE PENSION COSTS

In addition to regular payments in respect of current service, the Municipality is obligated to pay the following amounts in respect of past service into various pension and benefit plans as follows (in thousands):

Total - 1983 to 1987	$ 66,782
Total - 1988 to 1992	66,137
Total - 1993 to 1994	13,258
Total commitment as at December 31, 1982	$146,177

No provision has been made in the accounts for these obligations.

Also under consideration at this time is the possibility of improvements to the Metropolitan Toronto Pension Plan which will provide for an early retirement benefit similar to that provided under the OMERS plan. Implementation of this proposal, however, is subject to obtaining an exemption under the Inflation Restraint Act and to the approval of members of the plan.

9. CAPITAL FINANCING STABILIZING RESERVE

Metropolitan Council, in considering the 1981 current estimates, approved the creation of a Capital Financing Stabilizing Reserve, commencing in 1982, for the purpose of stabilizing the contribution of the revenue fund towards capital expenditure at a level no greater than 50 per cent of the actual net capital financing requirements for the year. The guidelines for the operation of the reserve stated that to the extent that the annual provision in the operating budget to finance capital expenditures exceeds this limit, the surplus would be transferred to the reserve; conversely if such annual provision amounts to less than this limit, the Metropolitan Treasurer could draw upon the reserve to meet any shortfall.

Resulting from 1982 capital operations and in accord with this policy, an amount of $27,592,000 was utilized from current operations to finance capital expenditures while $14,394,000 was transferred to reserve.

Additionally an amount of $25,300,000 consisting primarily of the excess of the current contribution to capital financing over the net capital expenditures accumulated to the end of 1981, was credited to the reserve in 1982.

The balance of the reserve accordingly stood at $39,694,000 as at December 31, 1982.

10. INVESTMENTS

The investments included in "Other Current Assets" of $166,735,000 are recorded at cost. The market value of these investments at the end of the year approximates book value.

11. COMPARATIVE FIGURES

Certain of the 1981 comparative figures have been restated to conform with the current year's presentation.

12. SINKING FUNDS SURPLUS MONIES

The actual Sinking Funds reflected in the value of net long term liabilities at the end of the year do not include specific accumulations at that date in excess of the total related debt. These accumulations, amounting to $8,694,000 Canadian, are subject to a decision of The Metropolitan Council as to their use for either capital or revenue purposes and accordingly have not been reflected in the financial statements. This amount has been received by the Metropolitan Corporation in 1983.

13. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of The Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Municipality of Metropolitan Toronto is subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Municipality of Metropolitan Toronto are subject to restraint under the Provincial program.

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

**To the Chairman and Members of the
Toronto Transit Commission**

I have examined the balance sheet of the Toronto Transit Commission as at December 31, 1982 and the statements of revenue and expenses and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Toronto Transit Commission as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
June 15, 1983

TORONTO TRANSIT COMMISSION

BALANCE SHEET

ASSETS

	December 31 1982	 1981
	(in thousands)	
Current assets:		
Cash	$ 1,151	$ 533
Accounts receivable:		
The Municipality of Metropolitan Toronto	32,104	36,601
Gray Coach Lines, Limited - current account	4,125	3,095
Other	2,403	2,105
Material and supplies, at cost	13,595	11,894
Working funds and prepaid expenses	2,733	1,656
	56,111	55,884
Investment in capital stock of Gray Coach Lines, Limited, at cost (note 4)	1,000	1,000
Unamortized debenture discount	442	482
Capital assets (note 2):		
Land, buildings, subway, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	1,065,301	1,024,391
Less: Capital contributions	845,065	807,872
	220,245	216,519
Less: Accumulated depreciation	143,145	143,619
	77,100	72,900
Under construction and not yet in service	82,109	42,729
Less: Capital contributions	82,109	41,391
	-	1,338
Total capital assets	77,100	74,238
	$ 134,653	$ 131,604

(see accompanying notes)

TORONTO TRANSIT COMMISSION

BALANCE SHEET

LIABILITIES

	December 31	
	1982	1981
	(in thousands)	
Current liabilities:		
Accounts payable and accrued liabilities	$ 49,051	$ 42,988
Debenture interest accrued	396	408
	49,447	43,396
Provision for:		
Tickets and tokens held by the public	10,550	10,475
Public liability and workmen's compensation	2,500	2,500
	13,050	12,975
Capital debt (note 5):		
The Municipality of Metropolitan Toronto -		
For debentures maturing in annual instalments from 1983 to 1995	20,949	22,768
For sinking fund debentures maturing between 1993 and 1997, less sinking fund balance of $14,110,000 (1981 - $12,852,000)	6,022	7,280
	26,971	30,048

EQUITY

Equity acquired from Toronto Transportation Commission on January 1, 1954:		
Earnings retained and invested in improvement and expansion of the system by Toronto Transportation Commission	24,804	24,804
Earnings retained and invested in the system by Toronto Transit Commission (unchanged from prior year)	20,381	20,381
	45,185	45,185
	$ 134,653	$ 131,604

(see accompanying notes)

TORONTO TRANSIT COMMISSION

STATEMENT OF REVENUE AND EXPENSES

	Year ended December 31	
	[redacted]	1981
	[redacted]ousands)	
Revenue from operations		
Passenger services	[redacted]	$ 205,679
Rental of land, air rights, buildings, subway concessions and equipment	[redacted]	3,930
Rental of advertising space	[redacted]	3,076
Dividend from Gray Coach Lines, Limited	[redacted]	600
Profit on sale of land	[redacted]	404
Miscellaneous	[redacted]	1,285
Total	[redacted]	214,974
Operating subsidy (note 1)	[redacted]	69,434
Total revenue and operating subsidy	[redacted]	$ 284,408
Expenses:		
Wages, salaries and other employee costs	[redacted]	$ 215,004
Materials, services and supplies other than the items shown below	[redacted]	29,227
Electric traction power	[redacted]	12,242
Automotive fuel, including federal and provincial taxes	[redacted]	14,054
Vehicle and other licences	[redacted]	428
Municipal taxes	[redacted]	2,634
Public liability costs	[redacted]	2,830
Depreciation (note 3)	[redacted]	6,406
Debenture interest	[redacted]	1,583
Total expenses	[redacted]	$ 284,408

(see accompanying notes)

TORONTO TRANSIT COMMISSION

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31	
	[redacted]	1981
	[redacted]	ousands)
Source of funds:		
Revenue from operations	[redacted]	$ 214,974
Sales of capital assets	[redacted]	59
	[redacted]	215,033
Operating subsidy (note 1)	[redacted]	69,434
	[redacted]	284,467
Application of funds:		
Operating expenses	[redacted]	284,408
Deduct items not requiring current funds:		
Depreciation	[redacted]	(6,406)
Other	[redacted]	(2,641)
	[redacted]	275,361
Expenditures on capital assets (note 2)	[redacted]	60,661
Less: Capital contributions	[redacted]	52,930
	[redacted]	7,731
Debenture debt repayments	[redacted]	2,436
	[redacted]	285,528
Decrease in working capital	[redacted]	(1,061)
Working capital at beginning of year	[redacted]	13,549
Working capital at end of year	[redacted]	$ 12,488

(see accompanying notes)

TORONTO TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1982

1. OPERATING SUBSIDY

By agreement with The Municipality of Metropolitan Toronto, the Commission establishes its fares each year at the level required to produce total budgeted revenue from operations equal to 68% of total operating expenses (as defined for provincial subsidy purposes). The Municipality undertakes in its budget to provide an operating subsidy equal to the remaining expenses.

The Province of Ontario, through its Transit Operating Assistance Programme, pays a subsidy to the Municipality, calculated on a formula which provides for:

i) a basic subsidy of 13.75% of transit operating expenses plus an additional 0.25% for each 1% that the actual revenue/cost ratio falls below 72.5%, up to a maximum subsidy rate of 15.47%, plus

ii) special subsidies on the initial operations of major new transit facilities.

Under these arrangements, if actual revenue and expenses for the year are equal to the budgeted figures, the operating subsidy is shared approximately equally by the Municipality and the Province.

In 1982, the actual funding of transit operating expenses (as defined for provincial subsidy purposes) for the year is expected to be as follows:

By the Commission	68.4%
By the Municipality	15.1%
By the Province of Ontario	16.5%

2. CAPITAL ASSETS AND CAPITAL CONTRIBUTIONS

The Commission constructs or purchases its capital asset additions and receives capital contributions as described below. Capital assets are recorded at gross cost in the financial statements and the capital contributions received are recorded as a deduction from this cost. Land purchased directly by the Municipality, mainly for rapid transit purposes, is not recorded on the Commission's books. The current bases for capital contributions are as follows:

i) For additions and improvements to the subway and light rail systems and equipment and for certain other projects, the Municipality makes a capital contribution equal to the total cost and recovers 75% of this amount from the Province.

ii) For most of its other capital asset additions, including buses, the Commission receives from the Province a 75% capital contribution that is paid through the Municipality.

3. DEPRECIATION POLICY

The provision for depreciation on capital assets is computed on the straight-line method at rates based on the estimated average useful life of each asset group. Depreciation is charged only on that portion of the total cost of capital assets borne by the Commission.

4. GRAY COACH LINES, LIMITED

Gray Coach Lines, Limited, a wholly-owned subsidiary of the Toronto Transit Commission, operates inter-urban coach services and, through its subsidiary, Gray Coach Travel Inc., a travel business. Its consolidated financial statements are published separately. The accounts of Gray Coach Lines are not consolidated with those of the Toronto Transit Commission because consolidation is not felt to be the more informative presentation in the circumstances. The earnings of the Company, after payment of dividends to the Commission, are retained to maintain and improve the service and facilities for the benefit of the population it serves and are not likely to accrue to the Commission. In addition, the company's fares and routes are regulated by the Province of Ontario and a significant part of the Company's operations is carried out under an agreement with the Toronto Area Transit Operating Authority as part of the "Go Transit" commuter system.

The earnings of Gray Coach Lines, Limited are recorded in the accounts of the Commission only to the extent of dividends received which amount to $600,000 in January 1982 (January 1981 - $600,000). A dividend of $700,000 was received in January 1983. The results of Gray Coach Lines' operations are summarized as follows:

GRAY COACH LINES, LIMITED
(including Gray Coach Travel Inc.)

	Year ended December 31	
	1982	1981
	(in thousands)	
Revenue	$44,542	$39,449
Expenses, including Ontario income taxes	42,352	37,746
Net earnings for the year	$ 2,190	$ 1,703

The Company's balance sheet is summarized as follows:

	December 31	
	1982	1981
	(in thousands)	
ASSETS		
Current assets	$ 6,666	$ 5,663
Short term investments and interest-bearing deposits, held for replacement of terminals and public liability settlements	6,000	5,100
Capital assets, at cost less accumulated depreciation	13,022	12,062
	$25,688	$22,825
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities	$ 6,473	$ 5,200
Provisions, mainly for public liability and workmen's compensation	1,691	1,591
Capital stock, reserve and retained earnings	17,524	16,034
	$25,688	$22,825

The Statement of Revenue and Expenses reflects charges of $5,799,000 in 1982 ($5,293,000 in 1981) made to Gray Coach Lines, Limited by the Commission for rental of property and equipment, use of joint facilities and administrative services.

5. CAPITAL DEBT:

Capital borrowings by the Commission are effected through the issue of Municipality of Metropolitan Toronto debentures. The Commission is required to provide the Municipality with funds to meet all principal and interest payments on such debentures. At December 31, 1982, the net capital debt of the Commission was as follows:

	1982	1981
	(in thousands)	
Instalment debentures -		
3 1/2% final instalment due 1983*	$ 290	$ 569
4% final instalment due 1983	201	395
3 1/2% final instalment due 1984	359	530
5 3/8% final instalment due 1992	2,147	2,306
5 1/2% final instalment due 1993	5,567	5,929
5 1/4% final instalment due 1995	12,385	13,039
	20,949	22,768
Sinking fund debentures -		
5% due 1993	356	501
6% due 1996	2,934	3,580
6% due 1997	1,209	1,428
7% due 1997	1,523	1,771
	6,022	7,280
	$26,971	$30,048

* This debenture is payable in U.S. dollars and has been converted into Canadian dollars at rates ruling at time of issue. On the basis of the December 31, 1982 exchange rate, the Commission would have an additional liability of approximately $71,000 on the above amount.

Instalment debenture maturities and scheduled sinking fund payments required in each of the next five years are approximately $1,873,000.

The sinking fund balance of $14,110,000 at December 31, 1982 consists of:

i) the annual levies paid by the Commission into The Municipality of Metropolitan Toronto sinking fund together with interest credited at the rate of 3% per annum, which is the rate to provide sufficient funds to retire the debentures at maturity, and

ii) the Commission's equity of $4,421,000 in the actual earnings of the sinking fund in excess of the 3% rate.

6. PENSIONS:

The Commission has a contributory pension plan covering substantially all employees including those assigned to Gray Coach Lines, Limited. The Commission and employees contribute equally to the Pension Fund Society. The rate of contributions for 1982 for each member and the Commission was 7.5% of wages and salaries less the amounts required to be contributed to the Canada Pension Plan. The contribution by the Commission covers both its share of current service costs and amounts required to liquidate the unfunded liabilities of the plan, which at January 1, 1982 amounted to approximately $91,000,000 over the periods prescribed by law. These unfunded liabilities result from improvements made to the plan in 1980 and prior years, based on the advice of the Society's independent actuaries.

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

To the Shareholder of
Gray Coach Lines, Limited

I have examined the consolidated balance sheet of Gray Coach Lines, Limited as at December 31, 1982 and the consolidated statements of revenue and expenses, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
July 21, 1983

GRAY COACH LINES, LIMITED

CONSOLIDATED BALANCE SHEET

	December 31 1982	December 31 1981
	(in thousands)	
ASSETS		
CURRENT ASSETS:		
Cash	$ 641	$ 617
Short-term investments and interest-bearing investments	4,322	2,918
Accounts receivable -		
Toronto Area Transit Operating Authority	691	769
Other, including accrued interest	777	1,072
Working funds and prepaid expenses	235	287
	6,666	5,663
SHORT-TERM INVESTMENTS AND INTEREST-BEARING DEPOSITS:		
Held for replacement of terminals	5,000	4,100
Held for public liability settlements	1,000	1,000
	6,000	5,100
CAPITAL ASSETS:		
Land, buildings, motor coaches and other equipment	23,858	23,331
Less accumulated depreciation	10,836	11,269
	13,022	12,062
	$ 25,688	$ 22,825

GRAY COACH LINES, LIMITED

CONSOLIDATED BALANCE SHEET

	December 31 1982	 1981
	(in thousands)	
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 1,648	$ 1,505
Toronto Transit Commission - current account	4,125	3,095
Dividend payable to Toronto Transit Commission	700	600
	6,473	5,200
PROVISION FOR:		
Tickets held by the public	160	160
Public liability and workmen's compensation	1,000	1,000
Deferred Ontario income taxes	531	431
	1,691	1,591
CAPITAL STOCK AND RETAINED EARNINGS:		
Capital stock - Authorized and issued - 10,000 shares of $100 each	1,000	1,000
Reserve for replacement of terminals	5,000	4,100
Retained earnings	11,524	10,934
	17,524	16,034
	$ 25,688	$ 22,825

GRAY COACH LINES, LIMITED

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES

	Year ended December 31	
	[redacted]	1981
	[redacted]ousands)	
REVENUE:		
Passenger services, including contracted routes (note 2)	[redacted]	$ 32,024
Parcel express	[redacted]	1,377
Commissions earned and other station revenue	[redacted]	2,760
Rental of equipment and buildings	[redacted]	841
Investment income	[redacted]	1,389
Other revenue	[redacted]	624
	[redacted]	39,015
EXPENSES:		
Wages, salaries and other employee costs	[redacted]	23,979
Materials, services and supplies other than the items shown below	[redacted]	7,692
Automotive fuel, including taxes	[redacted]	2,287
Commissions paid	[redacted]	1,753
Municipal taxes and provincial licenses	[redacted]	495
Public liability costs	[redacted]	603
Depreciation	[redacted]	696
	[redacted]	37,505
Income before undernoted item	[redacted]	1,510
Profit on disposal of capital assets	[redacted]	434
Earnings before income taxes	[redacted]	1,944
Provision for Ontario income taxes	[redacted]	241
NET EARNINGS FOR THE YEAR	[redacted]	$ 1,703

(see accompanying notes)

GRAY COACH LINES, LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31 1982	 1981
	(in thousands)	
SOURCE OF FUNDS:		
Net earnings for the year	$ 2,190	$ 1,703
Add (deduct) items not affecting working capital -		
Depreciation	833	696
Provision for deferred Ontario income taxes	100	75
Profit on disposal of capital assets	(256)	(434)
Provision for tickets held by public	-	26
Working capital provided from operations	2,867	2,066
Proceeds on disposal of capital assets	550	496
	3,417	2,562
APPLICATION OF FUNDS:		
Additions to capital assets -		
Coaches	1,952	1,153
Guelph terminal	-	547
Other	135	218
Short-term investments and interest-bearing deposits allocated for replacement of terminals	900	700
Dividend to Toronto Transit Commission	700	600
	3,687	3,218
Decrease in working capital	(270)	(656)
Working capital at beginning of year	463	1,119
Working capital at end of year	$ 193	$ 463

GRAY COACH LINES, LIMITED

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year ended December 31 1982	 1981
	(in thousands)	
Retained earnings at beginning of year	$ 10,934	$ 10,531
Net earnings for the year	2,190	1,703
	13,124	12,234
Appropriation to reserve for replacement of terminals	900	700
Dividend to Toronto Transit Commission	700	600
	1,600	1,300
Retained earnings at end of year	$ 11,524	$ 10,934

GRAY COACH LINES, LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1982

1. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies are summarized below:

Consolidation

The consolidated financial statements include the accounts of Gray Coach Lines, Limited and its wholly-owned subsidiary company, Gray Coach Travel Inc.

Short-term investment

Short-term investments are carried at cost which approximates market value.

Capital assets

Capital assets are carried at cost. Depreciation is provided on motor coaches on a straight-line basis over 12 years with a residual value of 15% of original cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the buildings and other equipment, ranging generally from 5 to 30 years.

Contracted routes revenue

Contracted routes revenue includes gross amounts charged to Toronto Area Transit Operating Authority (TATOA) which are based on operating costs as defined in the "GO Transit" agreement (see Note 2).

2. "GO TRANSIT" AGREEMENT

By agreement with TATOA, the company operates bus services on certain routes as part of the "GO Transit" commuter system. The current agreement for these services is in effect to December 31, 1983. TATOA provides most of the coaches used by Gray Coach Lines, Limited for these services.

3. RELATED PARTY TRANSACTIONS

For purposes of administrative efficiency, the company's parent, the Toronto Transit Commission, employs all personnel and maintains all payroll records. The Commission has a contributory pension plan covering substantially all employees including those assigned to the company. The wages, salaries, fringe benefits, etc., of those Commission employees assigned to Gray Coach Lines, Limited are charged directly to the company. The company shares maintenance and other services with the Commission which charged $5,799,000 (1981 - $5,293,000) for rental of property and equipment, use of joint facilities and administrative services.

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

The Chairman and Members of
The Metropolitan Council of
The Municipality of Metropolitan Toronto

I have examined the balance sheet as at December 31, 1982, of the Metropolitan Waterworks System and the statements of revenue, expenditure and accumulated net revenue, continuity of reserves and reserve funds, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Metropolitan Waterworks System as at December 31, 1982, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles for Ontario municipalities applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
April 29, 1983

METROPOLITAN WATERWORKS SYSTEM

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

	[illegible]	1981
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Receivable from the Municipality	$ [illegible]	$ 7,506
Accounts receivable - sale of water (note 6)	[illegible]	10,151
Other receivables (note 5)	[illegible]	887
Prepaid expenses and deposits	[illegible]	234
Inventories	[illegible]	613
TOTAL CURRENT ASSETS	[illegible]	19,391
LONG TERM INVESTMENT RE EASEMENT RESERVE FUND (including interest receivable of $18,000 - 1981 $13,000)	[illegible]	53
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS	[illegible]	106,919
	[illegible]	$126,363
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (notes 3, 4)	$ 3,191	$ 3,322
LONG TERM DEBT FINANCED BY THE MUNICIPALITY (note 2)	[illegible]	106,143
RESERVES AND RESERVE FUNDS	[illegible]	657
ACCUMULATED NET REVENUE	10,163	10,270
UNAPPLIED CAPITAL RECEIPTS	[illegible]	5,971
	[illegible]	$126,363

(see accompanying notes)

METROPOLITAN WATERWORKS SYSTEM

STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative budgeted figures for 1982 and actual figures for 1981)

	1982 Budget	1982 Actual	1981 Actual
		(in thousands)	
REVENUE			
Sale of water	$60,653	$59,921	$57,715
Fire protection			2
Other revenue (Schedule I)	1,438	2,313	2,233
TOTAL REVENUE	62,091	62,234	59,950
EXPENDITURE			
Operations			
Water supply	9,019	9,586	7,767
Power and pumping	11,080	11,033	9,658
Water transmission and distribution	3,836	4,330	3,621
Administration	10,580	10,433	9,446
TOTAL OPERATING EXPENDITURE (Schedule II)	34,515	35,382	30,492
Principal payments and interest charges on long term debt	22,682	22,775	22,145
Transfers to reserves and reserve funds	1,540	1,540	110
Capital expenditure out of current revenue	2,804	2,644	3,318
TOTAL EXPENDITURE	61,541	62,341	56,065
NET REVENUE (COST) FOR THE YEAR	550	(107)	3,885
ACCUMULATED NET REVENUE, BEGINNING OF YEAR	10,270	10,270	6,385
ACCUMULATED NET REVENUE, END OF YEAR	$10,820	$10,163	$10,270

(see accompanying notes)

METROPOLITAN WATERWORKS SYSTEM

STATEMENT OF CONTINUITY OF RESERVES AND RESERVE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	Exchange Stabilization Reserve	Reserve for Accrual of Debenture Interest	Reserve for Vested Sick Leave Benefits	Capital Financing Stabilizing Reserve	Reserve Fund for Liability for Easement	Total 1982	Total 1981
				(in thousands)			
BALANCE, BEGINNING OF YEAR	$384		$220		$ 53	$ 657	$542
Contributions from current revenue		$925		$615		1,540	110
Interest earned		—		—	5	5	5
		925		615	5	1,545	115
Transfer to Metropolitan Toronto Reserve Fund			220			220	
BALANCE, END OF YEAR	$384	$925	—	$615	$ 58	$1,982	$657

(see accompanying notes)

METROPOLITAN WATERWORKS SYSTEM

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	[redacted]	1981
	[redacted]	housands)
SOURCE OF FUNDS		
Total revenue	[redacted]	$59,950
Total operating expenditure	[redacted]	(30,492)
Total provided from operations	[redacted]	29,458
Proceeds of debenture issue transferred from the municipality	[redacted]	5,138
Contributions from sinking funds	[redacted]	1,308
Other		
Ministry of Environment share of costs	[redacted]	1,177
Water supply facilities grants	[redacted]	1,241
Provincial community services contribution program	[redacted]	134
	[redacted]	38,456
APPLICATION OF FUNDS		
Contribution to Metropolitan Sick Pay Reserve Fund	[redacted]	
Capital expenditure	[redacted]	9,330
Principal payments and interest charges on long term debt	[redacted]	22,145
	[redacted]	31,475
NET INCREASE IN WORKING CAPITAL	[redacted]	6,981
WORKING CAPITAL, BEGINNING OF YEAR	[redacted]	9,088
WORKING CAPITAL, END OF YEAR	[redacted]	$16,069

(see accompanying notes)

METROPOLITAN WATERWORKS SYSTEM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) Financial Administration

The Municipality of Metropolitan Toronto Act requires the Waterworks System to be self-sustaining and to retain any surplus revenues generated from operations. Accordingly, the revenues, expenditures, assets and liabilities of the System are accounted for separately from the operations of the Municipality. For administrative convenience, staff of the System are employed by the Municipality, but all employee costs are charged directly to the System. The Municipality also provides working capital, temporary funding for capital works and issues debentures on behalf of the Waterworks System. Debt servicing requirements of these debentures are repaid by the System to the Municipality and charged against operating revenues of the System.

(b) Fixed Assets and Depreciation

Fixed assets are valued at the aggregate of the principal portion of net long term liabilities and the cost of capital projects yet to be permanently financed and reported on the Balance Sheet as "Capital Outlay to be recovered in future years". Accordingly, no depreciation is charged in the accounts.

(c) Inventories

Inventories are valued at cost.

(d) Liabilities Payable in Foreign Currencies

Long term debts payable in U.S. funds have been converted into Canadian funds at the exchange rate prevailing at the times the debts were incurred by the Municipality of Metropolitan Toronto.

(e) Charges for Net Long Term Liabilities

Debt servicing costs (principal and interest) are charged against current revenues in the periods in which they fall due. Interest charges are not accrued for the periods from the dates of the latest interest payments to the end of the financial year. It is the intention of Metropolitan Council to convert to a system of full accrual of debenture interest charges on January 1, 1985 and to permit the phasing of the fiscal impact over intervening years allocations are being made to a reserve established for this purpose.

The amount of $22,775,000 charged to expenditures on the Statement of Revenue and Expenditure consists of principal payments of $5,624,000 and interest payments of $17,151,000. Payments of interest and principal on debt issued in U.S. currency included in these amounts are reflected at the Canadian dollar cost incurred. Principal payments include the sum of $349,000 (1981 - $289,000) which reflects the excess of costs of conversion to U.S. funds over the corresponding principal amounts recorded at the times the debt was incurred.

2. LONG TERM DEBT FINANCED BY THE MUNICIPALITY TO BE RECOVERED FROM THE REVENUES OF THE WATERWORKS SYSTEM

Total principal amount of long term liabilities outstanding, including $86,000 assumed from area municipalities	$193,695,000
Less: Value of sinking funds accumulated to retire outstanding long term liabilities	97,371,000
	$ 96,324,000

Included in the total of $96,324,000 is $34,432,000 of long term debt payable in U.S. funds converted at rates of exchange prevailing at the times the debt was incurred. If translated at the exchange rate prevailing at December 31, 1982, the Canadian dollar equivalent of this amount of debt would be increased by $9,445,000 (1981 - $7,731,000).

3. VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan of the Municipality, unused sick leave can accumulate and employees, including employees of the Waterworks System, may become entitled to a cash payment when they leave the Municipality's employment.

In 1982, the Municipality of Metropolitan Toronto established a Corporate Sick Pay Reserve Fund in its own accounts to cover payouts to employees, including those of the System, such that contributions to the fund are sufficient to offset expected payouts over a given period of time. Accordingly, the balance of $220,000 in the Waterworks Sick Pay Reserve was transferred during 1982 to the Corporate Reserve Fund in the accounts of the Municipality.

For the purpose of establishing the level of this Fund, projections are required to be made over a forecast period of ten years, such projection process being repeated every two years. It is anticipated that this process will stabilize the financial impact on the System in respect of future payment of vested sick leave benefits. Based on the latest projections, the contributions of the System to the Corporate Sick Pay Reserve Fund are anticipated to amount to $1,061,000 for the years 1983-1987 and $1,251,000 for the years 1988-1992. Such contributions will discharge any liability of the system in this regard.

4. PAST SERVICE PENSION COSTS

In addition to regular payments in respect of current service, the Metropolitan Toronto Waterworks is obligated to pay $382,000 in each of the years 1983 to 1992 in respect of an unfunded liability generated by improvements in the Metropolitan Toronto Pension Plan. No provision has been made in the accounts for this obligation. The expense is recorded when paid.

Also under consideration at this time is the possibility of improvements to the Metropolitan Toronto Pension Plan which will provide for an early retirement benefit similar to that provided under the OMERS plan. Implementation of this proposal, however, is subject to obtaining an exemption under the Inflation Restraint Act and to the approval of members of the plan.

5. SINKING FUNDS SURPLUS MONIES

The actual Sinking Funds reflected in the value of net long term liabilities at the end of the year do not include specific accumulations at that date in excess of the total related debt. These accumulations, amounting to $3,601,000 Canadian and $278,000 U.S., are subject to a decision of Council as to their use for either capital or revenue purposes and accordingly have not been reflected in the financial statements. These amounts have been received by the Metropolitan Waterworks System in 1983.

6. WATER BILLING ADJUSTMENTS

The accounts include an advance of $250,000 paid to the Borough of York as an interim credit in respect of an apparent overbilling for the sale of water for the period August 1980 to April 1982. The disposition of this matter is still under negotiation with the anticipated result that all or a portion of the final amount involved may be recoverable from another area municipality and accordingly no provision has been made in the accounts for any potential loss in this regard.

7. CAPITAL FINANCING STABILIZING RESERVE

Metropolitan Council on March 15, 1983, approved the creation of a Capital Financing Stabilizing Reserve, commencing in 1982, for the purpose of stabilizing the contribution of the current fund towards capital expenditure at a level no greater than 50 per cent of the actual net capital financing requirements for the year. To the extent that the annual provision in the operating budget to finance capital expenditures exceeds this limit, the surplus is transferred to the reserve; conversely if such annual provision amounts to less than this limit, the Metropolitan Treasurer may draw upon the reserve to meet any shortfall.

The balance of the reserve stood at $615,000 as at December 31, 1982.

8. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of the Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Metropolitan Waterworks System is subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Metropolitan Waterworks System are subject to restraint under the Provincial program.

9. COMPARATIVE FIGURES

Certain of the 1981 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

Schedule I

METROPOLITAN WATERWORKS SYSTEM

ANALYSIS OF OTHER REVENUE

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
OTHER REVENUE		
Rentals	$ 71	$ 68
Investment income	1,656	1,358
Proceeds from disposal of surplus properties	4	30
Excess debenture proceeds used to offset debt charges	6	6
Transfer from municipality re Ontario Employment Incentive Program	600	
Miscellaneous	136	771
	$2,513	$2,233

METROPOLITAN WATERWORKS SYSTEM
ANALYSIS OF OPERATING EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	Salaries Wages and Fringe Benefits	Materials Supplies & Utilities	Other Services	Total 1982	Total 1981
			(in thousands)		
Water supply - own source	$ 6,095	$ 3,225	$ 266	$ 9,586	$ 7,767
Power and pumping	3,847	6,969	217	11,033	9,658
Water transmission and distribution	3,456	443	431	4,330	3,621
Administration	968	23	9,442	10,433	9,446
Total operating expenditure	$14,366	$10.660	$10,356	$35,382	$30,492

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

**To the Members of the
Canadian National Exhibition Association**

I have examined the Balance Sheet of the Canadian Exhibition Association as at December 31, 1982 and the Statement of Operations and Surplus, Annual C.N.E. Operations and Exhibition Place Operations for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Association as at December 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of allocating costs between the Annual C.N.E. Operations and Exhibition Place Operations as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
March 2, 1983

Statement 1

CANADIAN NATIONAL EXHIBITION ASSOCIATION

(Incorporated by a Special Act of The Province of Ontario)

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

ASSETS

	1982	1981
CURRENT FUND		
Cash	$ 144,879	$ 48,814
Term Deposits	1,400,000	
Accounts Receivable	1,545,108	1,290,649
Investments at cost held for Prize Guarantee Fund (market value 1982 - $136,734/1981 - $113,885)	150,684	150,684
Materials & Supplies at lower of cost and replacement cost	149,421	128,622
Prepaid Expenses	16,760	11,045
Deferred Expenses (Note 1)		257,797
	3,406,852	1,887,611
CAPITAL FUND		
Plant and Equipment		
Balance, Beginning of Year	3,207,120	2,768,736
Net Additions in the Year	280,441	438,384
	3,487,561	3,207,120
Lease of Grounds at cost	1	1
	3,487,562	3,207,121
	$ 6,894,414	$ 5,094,732

(see accompanying notes)

Statement 1

CANADIAN NATIONAL EXHIBITION ASSOCIATION
(Incorporated by a Special Act of The Province of Ontario)

BALANCE SHEET

DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
LIABILITIES		
CURRENT FUND		
LIABILITIES		
Bank Indebtedness		$ 1,831,954
Accounts Payable and Accrued Liabilities	$ 1,453,413	851,939
Tree Replacement (Note 3)	34,527	34,527
Deferred Revenue	376,714	756,933
	1,864,654	3,475,353
OPERATING RESERVES (Note 4)		
Workmen's Compensation	15,000	15,000
Prize Guarantee Fund	150,000	150,000
Inventory of Materials and Supplies	58,937	58,937
Repairs to Surface, Curbing and Drainage of British Columbia Road	14,741	14,741
SURPLUS		
Surplus (Deficit)	[illegible]	(1,826,420)
	[illegible]	(1,587,742)
	[illegible]	1,887,611
CAPITAL FUND		
Investment in Fixed Assets purchased from Current Funds	[illegible]	3,207,121
	$ [illegible]	$ 5,094,732

(see accompanying notes)

CANADIAN NATIONAL EXHIBITION ASSOCIATION
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
REVENUE		
Annual Exhibition	$13,644,895	$11,721,952
Exhibition Place	6,380,286	4,316,633
	20,025,181	16,038,585
EXPENDITURES		
Annual Exhibition	12,601,578	13,065,487
Exhibition Place	6,120,083	4,799,518
	18,721,661	17,865,005
NET REVENUE (EXPENDITURE) FOR THE YEAR	1,303,520	(1,826,420)
SURPLUS (DEFICIT), BEGINNING OF YEAR	(1,826,420)	746,028
RECEIVED FROM (PAID TO) THE MUNICIPALITY OF METROPOLITAN TORONTO	1,826,420	(746,028)
SURPLUS (DEFICIT), END OF YEAR	$ 1,303,520	$(1,826,420)

(see accompanying notes)

CANADIAN NATIONAL EXHIBITION ASSOCIATION
STATEMENT OF ANNUAL C.N.E. OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
REVENUE		
Ground Admission (Net of Revenue paid to Ontario Place - 1982 - $397,078/1981 - $340,348)	$ 3,908,014	$ 3,407,570
Concessions including Midway	3,582,577	3,025,823
Grandstand	2,952,086	2,488,343
Exhibit Space	2,047,768	1,637,819
General Services	200,186	169,100
Other	954,264	993,297
	13,644,895	11,721,952
EXPENDITURES		
Ground Admission	718,539	623,550
Concessions including Midway	193,255	197,864
Grandstand	2,499,657	2,347,982
Exhibit Space	1,024,761	938,357
Agriculture Events	934,977	940,916
Sports and Aquatic Events	308,416	348,995
General Attractions	1,289,915	1,871,026
General Services	2,564,194	2,054,904
Publicity	906,924	1,468,537
Special Expenditures	516,944	537,542
Administration	1,643,996	1,735,814
	12,601,578	13,065,487
NET REVENUE (EXPENDITURE)	$ 1,043,317	$(1,343,535)

(see accompanying notes)

Statement 4

CANADIAN NATIONAL EXHIBITION ASSOCIATION
STATEMENT OF EXHIBITION PLACE OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
REVENUE		
Building Rentals	$ 1,924,133	$ 1,555,831
Parking	2,404,853	1,774,340
Midway Rental	114,369	
General Services	1,936,931	986,462
	6,380,286	4,316,633
EXPENDITURES		
Building Rentals	857,206	1,018,973
Parking	590,575	437,335
General Services	3,384,178	2,162,680
Special Expenditures	438,[illegible]30	457,941
Administration	849,456	722,589
	6,120,083	4,799,518
NET REVENUE (EXPENDITURE)	$ 260,203	$ (482,885)

(see accompanying notes)

CANADIAN NATIONAL EXHIBITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) The Association manages all of the Exhibition Place with the exception of the Stadium on behalf of the Municipality of Metropolitan Toronto. Operations of the annual Exhibition and Operations for the remainder of the year are accounted for separately and are shown on Statements 3 and 4 respectively.

(b) Major capital facilities are financed by and are the property of the Municipality of Metropolitan Toronto. Other capital expenditures on plant and equipment are charged by the Association to current operations in the year of purchase, in accord with municipal accounting practices. For record purposes these purchases are accounted for in the Capital Fund of the Association. Assets on hand acquired prior to 1954 are valued at depreciated replacement cost as at January 1, 1954. Assets on hand acquired since that date are valued at cost. Upon disposal the asset value is removed from the capital fund and any proceeds taken into current revenue.

(c) In 1981 the Association expended $257,797 in respect of upgrading of restaurant facilities in two of the buildings. These expenditures were to be recovered from tenants of the facilities over the term of long-term contracts in negotiations with such tenants and accordingly were deferred to be offset against recoveries as received.

In 1982 the Association decided to request further proposals for operation of the facilities concerned. The proposal specifications do not anticipate specific recoveries of the upgrading costs and accordingly the Association has written off all such costs in 1982.

(d) Under the operating agreement with the Municipality of Metropolitan Toronto current surplus is payable to the Municipality. Allocation by the Association of operating surplus to operating reserves is subject to the approval of the Municipality.

2. CHANGES IN ACCOUNTING POLICIES

Prior to 1982 the Association allocated overhead and other indirect costs to the Annual Exhibition period. During 1982 the Association performed a detailed analysis of each individual cost component and adopted a method of allocation based on such analysis.

The 1981 figures, presented here for comparative purposes, have been restated to reflect the basis of allocation used in the current year. The impact of such change has been as follows:

Net Revenue (Expenditure) for year:	Previously Reported	Restated
Annual CNE Operations	$ (2,013,210)	$ (1,343,535)
Exhibition Place Operations	186,790	(482,885)
	$ (1,826,420)	$ (1,826,420)

3. LIABILITIES

The Association received $52,239 from the Province of Ontario in 1975, to be used solely for tree replacement. At December 31, 1982, $34,527 of this amount had not been expended.

4. OPERATING RESERVES

Operating reserves for Workmen's Compensation, Prize Guarantee Fund and Inventory of Materials and Supplies were established by the Association prior to the effective date of the present operating agreement. In 1975 the Association, with the approval of the Municipality of Metropolitan Toronto, set up a reserve for Repairs to Surface, Curbing, and Drainage to British Columbia Road. No changes have occurred in the Operating Reserves in the current year.

5. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the Sick Pay Credit Plan for employees of the Association, unused sick leave can accumulate and employees may become entitled to a cash payment on resignation, retirement or death. The contingent liability for these accumulated days, to the extent that they have vested and could be taken in cash by the employee on termination, amounted to approximately $177,000 at December 31, 1982. It is the policy of the Association to record the cost of such payments in the year in which the liability becomes payable, and accordingly no provision has been made towards such liability in the accounts.

6. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not provide significant additional disclosure. The increase in funds was equal to the surplus for the year and was applied as follows:

Increase in net assets in Current Fund	$3,129,940
Deficit for 1981 received from the Municipality of Metropolitan Toronto	(1,826,420)
	$1,303,520

7. COMPARATIVE FIGURES

Certain of the 1981 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

8. OPERATION OF EXHIBITION PLACE

The Province of Ontario has enacted legislation, which received Royal Assent on February 23, 1983, which provides for the establishment of a Board of Governors of Exhibition Place and establishes a mechanism for this Board to operate Exhibition Place and to enter into agreements with a number of parties, including the Canadian National Exhibition Association. Such arrangements would supersede existing agreements in respect of the Association's mandate to operate Exhibition Place.

The Municipality of
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Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

To the Members of
The Board of Management,
Exhibition Stadium Corporation

I have examined the balance sheet of the Exhibition Stadium Corporation as at December 31, 1982 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
June 7, 1983

EXHIBITION STADIUM CORPORATION

(Incorporated in Ontario as a corporation without share capital)

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
ASSETS		
Cash	$ 40,399	$ 35,615
Term deposits	550,000	100,000
Accounts receivable	279,826	64,227
Note receivable	5,400	10,800
	$875,625	$210,642
LIABILITIES		
Accounts payable and accrued liabilities	$613,373	$204,497
Payable to the Municipality of Metropolitan Toronto		
User fee charges	4,530	
Net income from operations	257,722	6,145
	$875,625	$210,642

(see accompanying notes)

EXHIBITION STADIUM CORPORATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
REVENUE		
Stadium rentals	$1,723,614	$ 986,102
User fees	463,478	311,385
Concessions	611,111	233,095
Scoreboard rental	125,029	
Equipment rentals	47,000	50,000
Sundry	24,953	78,602
	2,995,185	1,659,184
EXPENDITURE		
Administrative salaries and fringe benefits	230,682	204,599
Materials, supplies and utilities	351,238	249,786
Equipment	175,531	62,581
Services rentals and other expenses	1,511,686	824,688
	2,273,985	1,341,654
NET INCOME FROM OPERATIONS	721,200	317,530
User fees payable to the Municipality of the Metropolitan Toronto (note 1(c))	463,478	311,385
NET INCOME FOR YEAR	$ 257,722	$ 6,145

(see accompanying notes)

EXHIBITION STADIUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) The Corporation manages Exhibition Stadium on behalf of the Municipality of Metropolitan Toronto. Major capital facilities are financed by and are the property of the Municipality of Metropolitan Toronto. Expenditures on plant and equipment of a minor nature are charged by the Corporation to current operations in the year of expenditure, in accord with municipal accounting practice. Accordingly, fixed assets are not valued on the books of the Corporation and depreciation is not charged in its accounts.

(b) Under Section 207 of The Municipality of Metropolitan Toronto Act, the net income for each year is payable to the Municipality, and it is responsible for any deficit which the Corporation might incur.

(c) The Corporation charges a user fee to its tenants of 25¢ per ticket sold at a price greater than $2.00. The Board has directed that amounts collected from such fees be paid to the Municipality of Metropolitan Toronto with the request that they be set up in a reserve fund to be used to defray the costs of future capital improvements.

(d) Expenses recoverable from tenants in future years are deferred and offset against recoveries as received.

2. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not give significant additional disclosure. Funds generated were equal to the surplus for the year and were applied as follows:

	1982	1981
Increase (Decrease) in net assets	$251,577	$ (334,969)
Net income paid to Municipality of Metropolitan Toronto	6,145	341,114
	$257,722	$ 6,145

3. OPERATION OF EXHIBITION STADIUM

The Province of Ontario has enacted legislation, which received Royal Assent on February 23, 1983, which provides for the establishment of a Board of Governors of Exhibition Place and establishes a mechanism for this Board to operate all of Exhibition Place including Exhibition Stadium. When an agreement between the Board of Governors and the Municipality in this regard comes into effect, the Exhibition Stadium Corporation will cease to exist and all assets of the Corporation will be transferred to the Board of Governors of Exhibition Place.

4. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of the Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Exhibition Stadium Corporation is subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Corporation are subject to restraint under the Provincial program.

5. COMPARATIVE FIGURES

Certain of the 1981 figures, presented here for comparative purposes, have been reclassified to conform with the current year's presentation.

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Metropolitan Toronto

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Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

To the Members
Metropolitan Toronto Library Board

I have examined the balance sheet of the Metropolitan Toronto Library Board as at December 31, 1982 and the statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted for Ontario municipalities applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
May 13, 1983

METROPOLITAN TORONTO LIBRARY BOARD

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

	[redacted]	1981
ASSETS		
CURRENT ASSETS		
Cash	$ [redacted]	
Accounts receivable		
Municipality of Metropolitan Toronto	[redacted]	$ 1,010,988
Other	[redacted]	120,416
Prepaid expenses	[redacted]	164,132
	[redacted]	1,295,536
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS	[redacted]	23,445,911
	[redacted]	$ 24,741,447
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness		$ 196,989
Accounts payable and accrued liabilities		
Municipality of Metropolitan Toronto	$ [redacted]	
Other	[redacted]	1,054,001
Deferred revenue	[redacted]	44,546
	[redacted]	1,295,536
LONG TERM DEBT FINANCED BY THE MUNICIPALITY (note 4)	[redacted]	23,445,911
	[redacted]	$ 24,741,447

(see accompanying notes)

METROPOLITAN TORONTO LIBRARY BOARD

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	[redacted]	1981
EXPENDITURE		
Operating Costs		
Salaries, wages and fringe benefits	[redacted]	$ 8,073,004
Library collections	[redacted]	1,819,201
Building operations and maintenance	[redacted]	852,905
Supplies	[redacted]	321,061
Equipment rentals, telephone and other services	[redacted]	289.740
Administrative and other expenses	[redacted]	944,833
	[redacted]	12,300,744
Projects funded by specific provincial grants	[redacted]	136,078
Projects funded by Area Library Boards	[redacted]	5,340
	[redacted]	141,418
Interest charges on long term debt	[redacted]	2,765,409
Principal payments on long term debt	[redacted]	878,784
U.S. exchange on principal payments	[redacted]	124,026
Capital expenditures out of current revenue	[redacted]	340,194
	[redacted]	4,108,413
TOTAL EXPENDITURE	[redacted]	16,550,575
REVENUE		
Province of Ontario grants	[redacted]	1,684,762
Charges to Regional Library Systems	[redacted]	41,916
Charges to Area Library Boards	[redacted]	11,766
Other income	[redacted]	458,886
	[redacted]	2,197,330
NET OPERATING COST	[redacted]	$ 14,353,245
FUNDED BY:		
Contributions by the Municipality of Metropolitan Toronto		
General appropriation (note 2)	[redacted]	$ 14,353,245
Ontario Employment Incentive Programme (note 3)	[redacted]	
	[redacted]	$ 14,353,245

(see accompanying notes)

METROPOLITAN TORONTO LIBRARY BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	[redacted]	1981
SOURCE OF CASH		
Contribution by the Municipality of Metropolitan Toronto	[redacted]	$ 14,353,245
Increase (decrease) in accounts payable		
Municipality of Metropolitan Toronto	[redacted]	(327,832)
Decrease (increase) in accounts receivable		
Municipality of Metropolitan Toronto	[redacted]	(1,010,988)
Other	[redacted]	(57,486)
	[redacted]	12,956,939
APPLICATION OF CASH		
Net operating costs	[redacted]	14,353,245
Increase in prepaid expenses	[redacted]	49,541
Decrease (increase) in accounts payable		
Other	[redacted]	(163,020)
Decrease in deferred revenue	[redacted]	174,445
	[redacted]	14,414,211
NET INCREASE (DECREASE) IN CASH	[redacted]	(1,457,272)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	[redacted]	1,260,283
CASH (BANK INDEBTEDNESS), END OF YEAR	[redacted]	$ (196,989)

(see accompanying notes)

METROPOLITAN TORONTO LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) Fixed Assets

The Board has adopted the basis used by municipalities in Ontario in its accounting for fixed assets. Under this basis, historical cost is not used for reporting purposes and depreciation related to that cost is not recorded in the accounts. Instead, fixed assets are valued at the aggregate of the principal portion of unmatured long term debt and the costs of capital projects yet to be debentured and reported on the Balance Sheet as "Capital outlay to be recovered in future years".

(b) Library Collections and Supplies

Library collections and supplies are charged to expense in the year of purchase.

(c) Charges for Net Long Term Liabilities

Debt servicing costs, including principal and interest, are charged against current revenues in the periods in which they are paid, in accordance with municipal practice. Interest charges are not accrued for the periods from the dates of the latest interest payments to the end of the fiscal year.

(d) Liabilities Payable in Foreign Currencies

Long term debt payable in foreign currencies is translated into Canadian funds at the exchange rate prevailing at the time the debt was incurred by the Municipality of Metropolitan Toronto.

2. CONTRIBUTION FROM THE MUNICIPALITY OF METROPOLITAN TORONTO

The Library Board is entitled under The Municipality of Metropolitan Toronto Act to requisition funds from the Metropolitan Corporation as required up to the amount approved in the Board's estimates by Metropolitan Council.

By agreement between the Metropolitan Treasurer and the Board, funds are contributed by the Metropolitan Corporation equal to the lesser of net operating costs or the approved budget.

3. RENOVATION COSTS

Under the Ontario Employment Incentive Programme, which was initiated subsequent to the 1982 budget approval, the Board undertook the renovations of the administrative offices with a total cost of approximately $42,000 which amount is recorded in the accounts of the Board. Partial funding for this expenditure was provided by a Metropolitan Corporation special appropriation of $25,000. The Metropolitan Corporation received a subsidy of $12,926 from the Province of Ontario for the labour content of this work.

4. LONG TERM DEBT FINANCED BY THE MUNICIPALITY

The Municipality of Metropolitan Toronto issues debentures for library capital purposes, as required. Capital outlay from the proceeds of these debentures and the related liability are carried in the accounts of the Board as set out in note 1 (a).

	1982	1981
Outstanding instalment and sinking fund debentures	$26,813,756	$27,112,695
Value of sinking funds	4,781,375	3,666,784
Net long term debt	$22,032,381	$23,445,911

Principal payments of long term debt for the five years subsequent to December 31, 1982 are:

1983 - $1,003,730
1984 - $4,231,922
1985 - $4,231,922
1986 - $4,231,922
1987 - $4,231,922

Net long term debt payable in U.S. funds translated at historical rates of exchange amounts to $17,616,300. If translated at the exchange rate prevailing at December 31, 1982, the Canadian dollar equivalent of this debt would be increased by $3,786,962.

5. CONTRACTUAL OBLIGATIONS

The Board is committed to pay approximately $85,000 annually for rental of real property under a lease expiring in 1988.

6. PENSION PLANS

The Board has authorized the following payments to the Toronto Civic Employees Pension Fund to liquidate the actuarial costs of improved pensions for employees covered by the Plan:

$47,128 annually, 1983 to 1989 inclusive
$1,000 in 1990
$200 in 1991

7. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the Sick Pay Credit Plan for employees of the Board, unused sick leave credits accumulate, and employees with specified minimum service requirements become entitled to a cash payment on resignation, retirement or death. It is the policy of the Board to meet the costs of such payments from the revenue of the year in which the liability becomes payable. No liability has been recorded in respect of unused sick leave credits as at December 31, 1982, but the estimated liability for such accumulated credits, to the extent that they could be taken in cash by employees on termination of service, amounted to $527,694 at the end of the year.

8. ONTARIO INFLATION RESTRAINT PROGRAMME

Pursuant to the terms of the Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Board is subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Board are subject to restraint under the Provincial program.

9. COMPARATIVE FIGURES

Certain of the 1981 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

The Municipality of
Metropolitan Toronto

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Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

**To the Members of the
Board of Management of the
O'Keefe Centre**

I have examined the balance sheet as at December 31, 1982 of the Board of Management of the O'Keefe Centre and the statements of operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

As disclosed in Note 7, the Centre has not recorded as revenue a surplus arising from the wind-up of the O'Keefe Pension Plan. In my opinion, generally accepted accounting principles require that this revenue be recorded. Had the receivable been recorded and revenue recognized, net income for the year and the surplus payable to the Municipality of Metropolitan Toronto would have been increased by $219,973.

In my opinion, except for the effects of the Board's decision not to record the asset and revenue referred to in the preceding paragraph, these financial statements present fairly the financial position of the Board as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
May 10, 1983

THE BOARD OF MANAGEMENT OF THE O'KEEFE CENTRE

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
ASSETS		
Cash	$ 37,808	$ 2,700
Advance to the Municipality of Metropolitan Toronto, including interest receivable of $139,777 (1980 - $122,307)	1,439,777	1,922,307
Accounts receivable		
Municipality of Metropolitan Toronto	954,177	385,729
Others	141,498	349,167
Inventory, at replacement cost	36,720	20,792
Prepaid expenses	17,550	13,471
	$2,627,530	$2,694,166
LIABILITIES		
Bank indebtedness		$ 109,237
Accounts payable		
Municipality of Metropolitan Toronto	1,075,955	390,451
Others	722,828	1,057,637
Deferred revenue (Note 5)	426,667	870,446
Unexpended grants	25,564	
Net income from operations, payable to the Municipality of Metropolitan Toronto (Note 1)	376,516	266,395
	$2,627,530	$2,694,166

(see accompanying notes)

THE BOARD OF MANAGEMENT OF THE O'KEEFE CENTRE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
REVENUE:		
Performance (Schedule I)	$ 959,900	$ 458,797
Rental (Schedule II)	1,429,843	1,426,506
Bar and restaurant (Schedule III)	56,408	123,290
Catering commissions	29,042	41,683
Interest and other revenue	354,597	303,660
Operating income, before indirect expenses	2,829,790	2,353,936
INDIRECT EXPENSES:		
Administration	457,309	412,488
Box office and promotion	309,155	351,470
House operations and maintenance	1,011,138	943,711
	1,777,602	1,707,669
Net income, before items below	1,052,188	646,267
User fee revenue (Note 3)	346,130	320,374
Special maintenance costs (Note 4)	(225,411)	-
Major renovation costs (Note 3)	(796,391)	(700,246)
NET INCOME FROM OPERATIONS	$ 376,516	$ 266,395

(see accompanying notes)

THE BOARD OF MANAGEMENT OF THE O'KEEFE CENTRE

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
SOURCE OF CASH		
Net income from operations	$ 376,316	$ 266,395
Increase in:		
Accounts Payable	[illegible]	635,841
Unexpended grants	25,584	
Decrease (increase) in:		
Advance to Municipality of Metropolitan Toronto	482,530	(558,766)
	1,435,305	343,470
USE OF CASH		
Increase in:		
Accounts receivable	360,779	617,128
Inventory	15,928	1,149
Prepaid expense	4,079	1,138
Decrease (increase) in:		
Deferred revenue	643,779	(145,799)
Bank indebtedness	109,237	(109,237)
Payment of prior year's income to the Municipality of Metropolitan Toronto	266,395	86,635
	1,400,197	451,014
Increase (decrease) in cash during year	35,108	(107,544)
Cash, beginning of year	2,700	110,244
Cash, end of year	$ 37,808	$ 2,700

(see accompanying notes)

THE BOARD OF MANAGEMENT OF THE O'KEEFE CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1982

1. INCORPORATION AND OPERATION

The Board of Management of the O'Keefe Centre was established as a Corporation by the enactment of the now Section 212(2) of The Municipality of Metropolitan Toronto Act. In accordance with the Act, the Metropolitan Council:

a) appoints the members of the Board from time to time;

b) is responsible for any deficit and is entitled to any net income from operations.

The Board of Management operates and manages the O'Keefe Centre as a theatre under the terms of an agreement between the Board and the Municipality of Metropolitan Toronto executed on September 25, 1968.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by the O'Keefe Centre are described below:

a) Fixed Assets - The land, buildings and all equipment, furnishings, etc., are owned by The Municipality of Metropolitan Toronto and are not recorded on the books of the O'Keefe Centre. Accordingly, all expenditures made by the O'Keefe on such facilities are charged to operations in the year expended and no depreciation of fixed assets is recorded.

b) Inventory - Bar and restaurant inventory is recorded at replacement cost.

3. MAJOR RENOVATION COSTS

Commencing in 1979, the O'Keefe Centre commenced a major renovation program and in 1980 established a 50¢ per ticket surcharge for all patrons of the Centre which is remitted to a separate reserve fund in the accounts of the Metropolitan Corporation and which is used to partially fund the cost of theatre renovations. The first phase of the theatre rehabilitation program is expected to last through 1986. 1981 and 1982 renovation costs are funded 25% by the Capital Improvement and Rehabilitation Reserve Fund - O'Keefe Centre and 75% by Metropolitan Toronto.

The major renovation costs for the past two years are as follows:

	1982	1981
Furniture and equipment	$229,809	
Lower lounge	225,369	
Consulting fees	97,083	$ 34,188
Administration offices	88,545	
Sprinkler system	84,678	
Painting and other repairs	46,297	40,017
Air conditioning	24,610	
Auditorium		616,841
Roof replacement		9,200
	$796,391	$700,246

4. SPECIAL MAINTENANCE COSTS

Under the Ontario Employment Incentive Programme, which was initiated subsequent to the 1982 budget approval, the O'Keefe Centre undertook a number of various labour intensive maintenance projects, with a total cost of $225,411, which amount is recorded in the accounts of the Centre. Funding for this expenditure was provided through the Metropolitan Corporation, $125,426 of the cost being met by a subsidy from the Province of Ontario and the balance of $99,985 being provided by the Municipality.

5. DEFERRED REVENUE

Deferred revenue includes tickets sold prior to the year end for performances after the year end, less costs incurred to year end. Also included in this amount are unredeemed gift certificates, bar tickets and rental deposits.

6. ADMISSION TAXES

Since August 1981, the O'Keefe Centre has had Registered Charity status under Section 149(1)(f) of the Income Tax Act. Accordingly, admission taxes are no longer exigible on performances staged by the O'Keefe Centre.

7. PENSION PLAN

On January 29, 1981, the Board of Management of the O'Keefe Centre approved the wind-up of the O'Keefe Pension Plan. In 1982, Confederation Life, the custodian, obtained the necessary approvals to wind up the plan and return the surplus to the O'Keefe. At December 31, 1982, the surplus on deposit with the custodian amounted to $219,973 and is payable to the Board at its discretion. This amount has not been recorded in the accounts of the O'Keefe Centre and is not reflected in these financial statements.

8. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of the Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the O'Keefe is subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the O'Keefe Centre are subject to restraint under the Provincial program.

9. COMPARATIVE FIGURES

Certain of the 1981 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

SCHEDULE I

THE BOARD OF MANAGEMENT OF THE O'KEEFE CENTRE
SCHEDULE OF PERFORMANCE REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
PERFORMANCE REVENUE		
Gross ticket sales	$6,025,280	$3,802,353
Less:		
Admission taxes (Note 6)		185,347
Metro ticket surcharge	140,207	89,759
Credit card discounts	84,244	37,591
Group discounts		1,113
	224,451	313,810
Net ticket sales	5,800,829	3,488,543
Less producers' share of revenue	3,548,163	2,243,273
	2,252,666	1,245,270
DIRECT EXPENSES		
Stagehands and ushers wages	544,989	388,980
Advertising	470,403	252,378
Musicians	317,762	215,799
Other	32,570	111,716
	1,356,724	968,873
Less recoveries from producers	72,958	182,400
	1,292,766	786,473
NET PERFORMANCE REVENUE	$ 959,900	$ 458,797

(see accompanying notes)

SCHEDULE II

THE BOARD OF MANAGEMENT OF THE O'KEEFE CENTRE
SCHEDULE OF RENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
RENTAL REVENUE		
Canadian Opera Company	$ 585,000	$ 458,500
National Ballet	655,600	365,300
Other rentals	412,300	636,236
	1,652,900	1,460,036
DIRECT EXPENSES		
Stagehands and ushers wages	1,352,628	1,138,812
General expenses	10,435	14,342
	1,363,063	1,153,154
Less recoveries from producers	1,340,006	1,119,624
	23,057	33,530
NET RENTAL REVENUE	$1,629,843	$1,426,506

(see accompanying notes)

SCHEDULE III

THE BOARD OF MANAGEMENT OF THE O'KEEFE CENTRE
SCHEDULE OF BAR AND RESTAURANT REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
REVENUE		
Sales	$ 479,829	$ 327,869
Cost of Sales	166,107	103,445
Gross profit	313,722	224,424
DIRECT EXPENSES		
Salaries and wages	181,265	95,026
Supplies	29,962	4,020
Equipment replacement and repairs	39,871	932
Delivery		492
Promotion	2,674	
Miscellaneous	3,542	664
	257,314	101,134
NET BAR AND RESTAURANT REVENUE	$ 56,408	$ 123,290

(see accompanying notes)

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1
Telephone (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

**To the Chairman and Members of the
Board of Management of the
Metropolitan Toronto Zoo**

I have examined the balance sheet of the Board of Management of the Metropolitan Toronto Zoo as at December 31, 1982 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
April 5, 1983

THE BOARD OF MANAGEMENT OF THE METROPOLITAN TORONTO ZOO

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
ASSETS		
Cash	$ 178,597	$200,971
Accounts receivable		
Municipality of Metropolitan Toronto	700,397	541,986
Metropolitan Toronto Zoological Society	33,726	12,562
Other	108,410	82,740
Prepaid expenses	12,282	7,690
Deferred expenses		30,421
	$1,033,412	$876,370
LIABILITIES		
Accounts payable and accrued liabilities		
Metropolitan Toronto Zoological Society (note 5)		$104,033
Other	$ 682,876	544,992
Deferred revenue	20,553	4,094
Animal Revenue Fund (Schedule I)	197,780	110,703
Contribution from the Metropolitan Toronto Zoological Society for future purchases (note 6)	132,203	112,548
	$1,033,412	$876,370

(see accompanying notes)

THE BOARD OF MANAGEMENT OF THE METROPOLITAN TORONTO ZOO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
OPERATING COST		
Salaries, wages and fringe benefits	$6,156,701	$5,376,969
Animal and plant care supplies	518,890	477,322
Maintenance, supplies and utilities	1,661,446	1,188,941
Advertising and promotion	245,008	274,891
Equipment	195,521	191,106
Office supplies, rentals and services	128,029	106,466
Other	83,430	76,935
	8,989,025	7,692,630
OPERATING REVENUE		
Admissions	2,261,856	2,156,018
Parking	210,373	194,416
Domain and Surface rides	435,098	276,652
Concessions	115,395	107,788
Other	262,906	215,769
	3,285,628	2,950,643
NET OPERATING COST	$5,703,397	$4,741,987
FUNDED BY:		
Contributions by the Municipality of Metropolitan Toronto		
General appropriation	$5,682,300	$4,741,987
Ontario Employment Incentive Programme (note 7)	21,097	
	$5,703,397	$4,741,987

(see accompanying notes)

THE BOARD OF MANAGEMENT OF THE METROPOLITAN TORONTO ZOO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) Exhibits and Facilities

All exhibits and facilities (including buildings, equipment and other property) purchased for use on the Zoo site, became the property of the Municipality of Metropolitan Toronto. Accordingly, the Board does not carry fixed assets on its accounts and all such expenditures are charged to operations in the year in which they are made. Major facilities were financed by and remain the property of the Municipality. The total of these expenditures made by the Municipality was $765,261 in 1982 ($448,389 in 1981).

(b) Live Collection

The live collection of the Zoo is the property of the Municipality of Metropolitan Toronto and accordingly is not carried in the accounts of the Board. The Board actively trades and sells specimens surplus to its needs, recording animal trades at market value. Net revenues generated from this activity are deferred and held for future purchases of animals. (See Schedule I)

(c) Inventories

Inventories of food, drugs, materials and supplies are not recorded in the accounts.

2. ASSUMPTION OF MANAGEMENT OF THE METROPOLITAN TORONTO ZOO

The Board assumed control of the operating assets and liabilities and responsibility for management of the Metropolitan Toronto Zoo from the Metropolitan Toronto Zoological Society on May 1, 1978. The Board is operating the Zoo under an agreement with the Municipality of Metropolitan Toronto.

3. NET INCOME OR DEFICIT

The agreement with the Municipality of Metropolitan Toronto referred to in Note 2 provides, in accordance with the provisions of the Municipality of Metropolitan Toronto Act, that the municipality is responsible for any deficit and is entitled to any net income from operations.

4. AGREEMENT WITH METROPOLITAN TORONTO ZOOLOGICAL SOCIETY

The Board entered into an agreement with the Metropolitan Toronto Zoological Society which defines the operating relationship of the two bodies. In particular, this agreement defines the privileges to be afforded to Society members and payment therefore. Under the terms of this agreement, the Society operates the retail store located on the Zoo site for its own benefit.

5. PURCHASE OF SURFACE TRAIN

During 1980, the Metropolitan Toronto Zoological Society advanced $164,033 to the Board to obtain two trackless surface trains which then commenced operation on May 4, 1980. The Board has resolved, and the Society has agreed, that the Society will be reimbursed the full amount of $164,033, without interest, from net profit derived from the operation of the trains. The balance outstanding under this arrangement of $104,033 was paid to the Society during 1982, of which $73,612 represented the 1981 surface train operation profit and the balance ($30,421) represents part of the 1982 surface train operation profit of $111,357.

6. CONTRIBUTIONS FROM THE METROPOLITAN TORONTO ZOOLOGICAL SOCIETY

The Metropolitan Toronto Zoological Society made contributions totalling $185,446 to the Board for specific purposes of which $132,203, relating to the surface trains, was unexpended at December 31, 1982.

7. SPECIAL MAINTENANCE COSTS

Under the Ontario Employment Incentive Programme, which was initiated subsequent to the 1982 budget approval, the Board undertook various labour intensive maintenance projects with a total cost of $21,097, which amount is recorded in the accounts of the Board. Funding for this expenditure was provided through the Metropolitan Corporation, who received a subsidy of $21,097 from the Province of Ontario.

8. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the Sick Pay Credit Plan for employees of the Board, unused sick leave credits accumulate, and employees with specified minimum service requirements become entitled to a cash payment on resignation, retirement or death. It is the policy of the Board to meet the cost of such payments from the revenue of the year in which the liability becomes payable. No liability has been provided in respect of unused sick leave credits as at December 31, 1982, but the estimated liability for such accumulated credit, to the extent that they could be taken in cash by employees on termination of service, amounted to $493,914 at the end of the year.

9. CONTINGENT LIABILITY

The Board has been assessed an additional $28,174 by the Worker's Compensation Board relating to deficit experience up to and including the 1980 fiscal year. Although this assessment is being appealed, it has been provided for in the accounts. In addition, there could be further assessments relating to 1981 and 1982 of approximately $220,000. As it is not yet known if the appeal of the 1980 assessment will be successful, no provision has been made in the accounts of the Board for any assessments that may relate to 1981 and 1982.

10. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of the Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Board is subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Board are subject to restraint under the Provincial program.

11. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not provide significant additional disclosure.

12. COMPARATIVE FIGURES

Certain of the 1981 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

THE BOARD OF MANAGEMENT OF THE METROPOLITAN TORONTO ZOO

SCHEDULE OF ANIMAL REVENUE FUND OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
Balance, beginning of year	$ 110,703	$ 58,874
Operating Revenue		
Sale of animals	66,063	75,612
Exchange of animals	13,472	22,106
Donations		8,874
Insurance recovery	45,722	
Bad debt recovery	1,650	3,266
Gain on foreign exchange	3,427	3,008
Interest	7,498	5,186
Other	462	1,500
	138,294	119,552
Operating Costs		
Purchase of animals	18,006	47,349
Exchange of animals	29,900	14,098
Other	3,311	6,276
	51,217	67,723
Net Operating Revenue	87,077	51,829
Balance, end of year	$ 197,780	$ 110,703

(see accompanying notes)

UNCONSOLIDATED LOCAL BOARDS

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1
Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

To the Shareholder
The Metropolitan Toronto Housing Company Limited

I have examined the balance sheet of The Metropolitan Toronto Housing Company Limited as at December 31, 1982 and the statements of revenue, expenditure and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted for Ontario municipalities applied on a basis consistent with that of the preceding year.

CHARTERED ACCOUNTANT

Toronto, Ontario
May 18, 1983

THE METROPOLITAN TORONTO HOUSING COMPANY LIMITED

(Incorporated under the laws of Ontario)
(Wholly-owned by the Municipality of Metropolitan Toronto)

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

ASSETS

	1982	1981
	(in thousands)	
CURRENT ASSETS		
Cash (note 2)	$ 3,918	$ 2,609
Accounts receivable		
Municipality of Metropolitan Toronto	287	173
Province of Ontario	9,706	9,477
Canada Mortgage and Housing Corporation	10,221	10,234
Other	665	425
Inventory	16	23
Prepaid expenses	35	28
	24,848	22,969
HOUSING PROJECTS		
Land	37,222	29,599
Buildings	242,202	217,685
Equipment	5,364	5,259
	284,788	252,543
Net operating expenses prior to completion date (Schedule 1)	4,863	4,856
	289,651	257,399
Less:		
Grants from Federal Government	3,647	2,483
Grants from Province of Ontario	5,370	5,370
Grants from Atkinson Charitable Foundation	74	74
	9,091	7,927
	280,560	249,472
Less:		
Accumulated depreciation	5,059	4,373
	275,501	245,099
ORGANIZATIONAL EXPENSES	1	1
	$ 300,350	$ 268,069

(see accompanying notes)

THE METROPOLITAN TORONTO HOUSING COMPANY LIMITED

(Incorporated under the laws of Ontario)
(Wholly-owned by the Municipality of Metropolitan Toronto)

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

LIABILITIES AND SHAREHOLDER'S EQUITY

	1982	1981
	(in thousands)	
CURRENT LIABILITIES		
Accounts payable		
Municipality of Metropolitan Toronto	$ 3,945	$ 6,837
Province of Ontario	171	83
Canada Mortgage and Housing Corporation	17,405	14,752
Other	3,294	2,715
	24,815	24,387
Rentals received in advance	162	151
Special funds (note 2)	234	135
	25,211	24,673
PROJECT FINANCING (note 3)		
Payable to contractors and others	5,296	1,670
Temporary loans payable		
Municipality of Metropolitan Toronto	24,477	14,100
Long term loans payable		
Municipality of Metropolitan Toronto	23,775	21,107
Rehabilitation loan		
Canada Mortgage and Housing Corporation	16	36
Mortgages payable		
Canada Mortgage and Housing Corporation	197,950	189,249
Other	23,831	17,393
	275,345	243,555
SHAREHOLDER'S EQUITY		
Capital Stock		
Authorized - 10,000 common shares of $1 par value		
Issued - 701 shares	1	1
Deficit	(207)	(160)
	(206)	(159)
	$ 300,350	$ 268,069

THE METROPOLITAN TORONTO HOUSING COMPANY LIMITED

STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
REVENUE		
Rentals	$ 28,077	$ 22,626
Tenants' board	576	325
Provincial rental reduction grants	225	225
Federal interest reduction grants	937	421
Other	1,130	978
	30,945	24,575
EXPENDITURE		
Municipal taxes	8,673	7,286
Insurance	64	57
Operating expenses	14,231	11,553
Maintenance	4,367	3,230
Administrative and other	2,639	2,050
Mortgage and loan interest	22,259	20,604
Depreciation	669	532
	52,902	45,312
NET LOSS BEFORE SUBSIDIES	(21,957)	(20,737)
Operating subsidies:		
Canada Mortgage and Housing Corporation	10,815	10,261
Province of Ontario	10,809	10,356
Municipality of Metropolitan Toronto	286	132
Abandoned site costs recovered from the Municipality		50
NET PROFIT (LOSS) FOR THE YEAR	(47)	62
DEFICIT AT THE BEGINNING OF THE YEAR	(160)	(222)
DEFICIT AT THE END OF THE YEAR	$ (207)	$ (160)

(see accompanying notes)

THE METROPOLITAN TORONTO HOUSING COMPANY LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
SOURCE OF FUNDS		
Profit (loss) for the year	$ (47)	$ 62
Add: Depreciation, a non-cash expense	669	532
	622	594
Increase (decrease) in Mortgages and Loans:		
Municipality of Metropolitan Toronto	13,110	(670)
Canada Mortgage and Housing Corporation	9,292	6,984
Others	6,094	3,195
Increase (decrease) in payable to contractors and others	3,626	(1,806)
Federal Government grants	1,164	21
	34,258	8,318
APPLICATION OF FUNDS		
Expenditures on housing projects:		
Land acquisition	7,623	8
Building costs	24,517	7,610
Equipment purchases	105	246
Net operating expenses prior to completion date	7	371
Mortgage and loan repayments	665	528
	32,917	8,763
INCREASE (DECREASE) IN WORKING CAPITAL	1,341	(445)
WORKING CAPITAL DEFICIENCY AT THE BEGINNING OF THE YEAR	(1,704)	(1,259)
WORKING CAPITAL DEFICIENCY AT THE END OF THE YEAR	$ (363)	$ (1,704)

(see accompanying notes)

THE METROPOLITAN TORONTO HOUSING COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

a) Housing Projects

Housing projects are valued at cost, less capital contributions from government and other sources and accumulated depreciation. Cost includes the original cost of acquisition of land and buildings, the cost of improvements necessary to renovate and rehabilitate buildings, where applicable, and net operating expenses of each project up to the completion date for mortgage adjustment purposes.

Government sources provide project financing or guarantee financing from private lenders. In order to comply with municipal accounting policy, depreciation on housing projects is recorded in amounts equal to capital financing principal repayments due in the following year.

With minor exceptions, the financing agreements between the Company and the Municipality of Metropolitan Toronto provide that the title to the land, buildings and equipment of each project will be transferred to the Metropolitan Corporation for the sum of $1.00 at the time the Canada Mortgage and Housing or other mortgage financing for the project is repaid.

b) Inventory

Inventory is valued at cost on a first in, first out basis.

2. SPECIAL FUNDS

Special funds are amounts held for special purposes and not available for ordinary operating expenditures of the Company. Expenditures of such funds are charged against the applicable fund balance.

The balance of the special funds are as follows:

	1982	(in thousands)	1981
Equipment replacement fund	$ 208		$ 114
Consolidated tentants' benefit fund	26		21
	$ 234		$ 135

The equipment replacement fund is provided by periodic charges against operations in accordance with the terms of the operating agreements with Canada Mortgage and Housing Corporation for those projects operated under Section 15.1 of the National Housing Act.

The consolidated tenants' benefit fund is used to segregate certain receipts of the Company which are retained for use for the benefit of tenants.

Separate bank accounts, included with other cash on the balance sheet, are maintained for the special funds.

3. LONG TERM LOANS AND MORTGAGES PAYABLE

Principal payments are due as follows (in thousands):

	Municipality of Metropolitan Toronto	Canada Mortgage & Housing Corporation	Other	Total
1983	$ 48	$ 547	$ 34	$ 629
1984	52	601	60	713
1985	56	644	68	768
1986	61	691	75	827
1987	67	742	83	892
1988 to 2032	23,539	195,272	23,545	242,356
	23,823	198,497	23,865	245,185
Less current portion	48	547	34	629
	$23,775	$197,950	$23,831	$245,556
Range of Interest Rates (%)	3.5-13.75	3.5 - 11	10.7-11.5	
Average Interest Rates (%)	9	9	11	

The Canada Mortgage and Housing Corporation rehabilitation loan is interest free and is forgivable at the rate of approximately $20,000 annually.

Permanent long-term financing is arranged for each housing project at the commencement of construction. Temporary loans and amounts payable to contractors and others are classified as project financing and excluded from current liabilities since these obligations will be repaid from funds advanced under the agreements for permanent financing.

The portion of long-term loans and mortgages due and payable within one year is included in current liabilities.

4. OPERATING SUBSIDIES

Under the terms of agreements with Canada Mortgage and Housing Corporation and the Province of Ontario, the Company receives subsidies to recover its operating losses on all except three non-profit housing projects. In determining operating losses eligible for subsidy under these agreements, the costs of services which are not specifically related to the provision of housing are excluded. Losses in 1982 on the provision of food and cafeteria services in three projects are recoverable from the Metropolitan Corporation. The operating profit from a commercial mall on one project and the operating loss on the non-profit projects have been excluded for subsidy calculations, resulting in a net loss for the year of $47,000.

5. CONTRACTUAL OBLIGATIONS

The Company is obligated under the terms of the leases to pay annual rentals of $283,840 to 1986 and $24,506 to 2024.

As at December 31, 1982, the Company was contractually committed to make expenditures of $20,768,000 for capital assets not yet acquired and not included in the financial statements.

The Company finances its housing projects with a combination of mortgage loans from or guaranteed by Canada Mortgage and Housing Corporation and loans from its shareholder, the Metropolitan Corporation.

6. VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan of the Municipality, unused sick leave can accumulate and employees, including employees of the Housing Company, may become entitled to a cash payment when they leave the Municipality's employment.

In 1982, the Municipality of Metropolitan Toronto established a Corporate Sick Pay Reserve Fund in its own accounts to cover payouts to employees, including those of the Housing Company, such that contributions to the fund are sufficient to offset expected payouts over a given period of time. Accordingly, an amount of $52,000 was paid by the Housing Company to the Metropolitan Corporation during 1982 and set up in the Corporate Reserve Fund in the accounts of the Municipality.

For the purpose of establishing the level of this Fund, projections are required to be made over a forecast period of ten years, such projection process being repeated every two years. It is anticipated that this process will stabilize the financial impact on the Housing Company in respect of future payment of vested sick leave benefits. Based on the latest projections, the contributions of the Housing Company to the Corporate Sick Pay Reserve Fund are anticipated to amount to $307,000 for the years 1983-1987 and $553,000 for the years 1988-1992. Such contributions will discharge any liability of the Housing Company in this regard.

7. RESIDENTIAL TENANCIES ACT

Under the Residential Tenancies Act enacted August 17, 1979, residential premises situated in a residential complex owned, operated or administered by a municipality or any agency thereof, were exempted from residential rent controls.

8. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of the Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Company is subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Company are subject to restraint under the Provincial program.

9. CONTINGENT LIABILITY

The Company, together with its architect and consulting engineer, is a defendant in an action for $1,500,000 for costs and damages allegedly sustained and amounts still due under the contract with the general contractor on one of its projects. The Company is defending these claims and no provision has been made in the accounts except for approximately $55,000 recorded as owing under the contract, which is considered adequate provision for the probable outcome of the action.

10. COMPARATIVE FIGURES

Certain of the 1981 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

Schedule 1

SCHEDULE OF DEFICIT FROM OPERATION PRIOR TO COMPLETION DATE AS ESTABLISHED BY CANADA MORTGAGE AND HOUSING CORPORATION FOR THE YEAR ENDED DECEMBER 31, 1982

	Marjory Carton Apartments
Average date of occupancy	October 4, 1982
Completion date	December 31, 1982
Number of apartment suites	125
	(in thousands)
REVENUE	
Rentals	$ 47
Other	1
	48
EXPENDITURE	
Municipal taxes	3
Operating expenses	47
Maintenance	3
Other	2
	55
NET OPERATING LOSS PRIOR TO COMPLETION DATE	7
To be capitalized and financed by an increase in the long term financing	
Add:	
Capitalized loss accumulated to December 31, 1981	4,856
Total capitalized loss accumulated to December 31, 1982	$ 4,863

Schedule 2

THE METROPOLITAN TORONTO HOUSING COMPANY LIMITED

SCHEDULE OF SPECIAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
EQUIPMENT REPLACEMENT FUND		
Provision for replacement of capital equipment of projects operated under Section 15.1 of The National Housing Act		
Balance, January 1	$ 114	$ 50
Add:		
Provision for year from operating account	80	55
Interest earned	14	9
Balance, December 31	$ 208	$ 114
CONSOLIDATED TENANTS' BENEFIT FUND		
Balance, January 1	$ 21	$ 15
Add:		
Received during the year from polling booths	4	5
Interest earned	3	3
	28	23
Deduct:		
Expenditure for the year	2	2
Balance, December 31	$ 26	$ 21

UNCONSOLIDATED
SPECIAL PURPOSE FUNDS

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Toronto, Ontario, Canada M5H 2V1
Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

To the Chairman and Members of
The Metropolitan Toronto Sinking Fund Committee

I have examined the balance sheet of The Metropolitan Toronto Sinking Funds as at December 31, 1982, and the statements of funds available and required for debenture debt redemption and statements of surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Sinking Funds as at December 31, 1982 and the results of their operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
March 15, 1983

THE METROPOLITAN TORONTO SINKING FUNDS
BALANCE SHEET
DECEMBER 31, 1982
(with comparative figures for 1981)

	Canadian Fund		U. S. Fund	
	1982	1981	1982	1981
		(in thousands)		
		ASSETS		
CURRENT ASSETS				
Cash	$ 72	$ 93	$ 52	$ 191
Temporary investments	30,743	39,147	9,800	7,200
Accrued interest	11,541	10,709	2,306	1,819
	42,356	49,949	12,158	9,210
LONG TERM INVESTMENTS (note 2)	520,825	516,314	100,140	74,041
	$ 563,181	$ 566,263	$112,298	$83,251
		LIABILITIES		
CURRENT LIABILITIES				
Accounts payable	$ 26,215	$ 21,356	$ 755	$ 248
ACTUARIAL REQUIREMENTS AND SURPLUS				
Actuarial requirements	424,348	432,675	95,140	72,180
Surplus:				
Reserve for abatement of future levies	66,690	62,392	5,124	3,343
Unappropriated surplus	45,928	49,840	11,279	7,480
	112,618	112,232	16,403	10,823
Total actuarial requirements and surplus (note 3)	536,966	544,907	111,543	83,003
	$ 563,181	$ 566,263	$112,298	$83,251

(see accompanying notes)

THE METROPOLITAN TORONTO SINKING FUNDS

STATEMENTS OF FUNDS AVAILABLE AND REQUIRED FOR DEBENTURE DEBT REDEMPTION

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	Canadian Fund		U. S. Fund	
	1982	1981	**1982**	1981
	(in thousands)			
FUNDS AVAILABLE				
From reserve for abatement of future levies	**$ 14,992**	$ 14,276	**$ 643**	$ 234
From current year's receipts:				
Contributions	**14,250**	16,462	**18,425**	12,167
Investment income	**54,362**	50,696	**10,979**	7,893
	83,604	81,434	**30,047**	20,294
FUNDS REQUIRED				
Provision for actuarial requirement for current year	**42,011**	43,542	**23,069**	15,519
Excess of funds available over funds required	**$ 41,593**	$ 37,892	**$ 6,978**	$ 4,775

(see accompanying notes)

THE METROPOLITAN TORONTO SINKING FUNDS
STATEMENTS OF SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982			1981
	Unappropriated	Reserve for Abatement of Future Levies	Total	Total
	(in thousands)			
CANADIAN FUND				
Balance, beginning of year	$ 49,840	$ 62,392	$ 112,232	$ 109,972
Funds used to reduce contributions for current year (note 1(e))		(14,992)	(14,992)	(14,276)
Excess of funds available over funds required for current year	41,593		41,593	37,892
	41,593	(14,992)	26,601	23,616
Refunds to contributors	(26,215)		(26,215)	(21,356)
Appropriation to reserve for abatement of future levies (note 1(e))	(19,294)	19,294		
Balance, end of year	$ 45,924	$ 66,694	$ 112,618	$ 112,232
U. S. FUND				
Balance, beginning of year	$ 7,480	$ 3,343	$ 10,823	$ 6,530
Funds used to reduce contributions for current year (note 1(e))		(643)	(643)	(234)
Excess of funds available over funds required for current year	6,978		6,978	4,775
	6,978	(643)	6,335	4,541
Refunds to contributors	(755)		(755)	(248)
Appropriation to reserve for abatement of future levies (note 1(e))	(2,424)	2,424		
Balance, end of year	$ 11,279	$ 5,124	$ 16,403	$ 10,823

(see accompanying notes)

THE METROPOLITAN TORONTO SINKING FUNDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) General

The Sinking Fund Committee maintains separate financial records for the Canadian dollar and U.S. dollar Funds. Separate records are also maintained for the portions of these Funds subject to differing actuarial rates in the computation of earnings in order to ensure an equitable distribution of total earnings amongst the various contributors to the Funds. Transfers of investments between these individual portions of the Funds, which are authorized from time to time by the Committee to provide for cash flow obligations are treated as sales and purchases respectively. Accordingly, the financial statements of each Fund reflect the combined financial operations of each of its portions.

(b) Foreign Currencies

The Sinking Fund Committee receives annual levies for the U.S. Fund in U.S. dollars and it is the policy of the Committee to invest such amounts in securities payable in U.S. dollars to meet the par value of sinking fund debentures payable in U.S. dollars. The figures on the financial statements shown for the Canadian Fund and the U.S. Fund are expressed in Canadian and U.S. dollars respectively.

(c) Investments

All investments, other than temporary investments, are purchased with the intention of holding them until maturity and are recorded at cost price adjusted annually for amortization of discount or premium on the basis of the effective annual yield as determined at the date of purchase.

(d) Actuarial Requirements

Actuarial requirements of the sinking fund provisions for debentures of the Metropolitan Corporation issued prior to January 1, 1976 represent the amount required which, together with interest at a rate of 3% per annum, compounded annually, will be sufficient to retire the related debentures at maturity. For debentures issued subsequent to January 1, 1976, the actuarial requirements have been based on a rate of 5% per annum, compounded annually.

(e) Earnings, Surplus and Reserve for Abatement of Future Levies

To the extent that earnings of the Funds are in excess of the amounts required to meet actuarial requirements for retirements in any year, they are transferred to surplus. When funds accumulated in surplus in this manner for debentures issued under any specific by-law exceed the actuarial requirements at that date for that by-law, such excess funds may be appropriated to the reserve for abatement of future levies and used to reduce the required contributions in current and future years, subject to prior approval by the Ontario Municipal Board.

In the current year, $12,294,000 in the Canadian Fund and $2,424,000 in the U.S. Fund have been appropriated in this manner, and $14,992,000 in the Canadian Fund and $643,000 in the U.S. Fund have been used from the reserve to reduce contribution requirements.

(f) Accounts Payable - Refunds to Contributors

Where amounts have accumulated in sinking fund accounts, relating to specific debenture by-laws, which are more than sufficient to redeem the principal amounts of the related debentures, then any excess funds may be either refunded to contributors or used to increase the amounts at the credit of other sinking fund accounts of the same contributors.

It has been the practice of the Sinking Fund Committee to refund such excess amounts to the contributors with the recommendation that the excess amounts be used to defray the cost of other capital expenditures in lieu of the issue of debentures therefor.

2. INVESTMENTS AT AMORTIZED COST

Investments consist of the following:

	Canadian Fund		U. S. Fund	
	1982	1981	1982	1981
		(in thousands)		
Debentures issued or guaranteed by:				
Government of Canada	$ 46,189	$ 36,261	$ 9,907	$ 5,361
Province of Ontario	36,278	33,961	14,256	13,233
Other provinces	25,412	22,690	14,366	9,847
Municipality of Metropolitan Toronto	350,367	372,203	57,291	42,306
Area municipalities	7	30	43	84
Other municipalities	61,869	50,464	4,277	3,210
School boards	703	705		
	$520,825	$516,314	$100,140	$74,041
Par value	$557,200	$551,959	$107,926	$79,378
Market value	$506,080	$429,688	$100,367	$60,969

3. TOTAL ACTUARIAL REQUIREMENTS AND SURPLUS

Component parts of the total actuarial requirements and surplus are detailed below:

	3% Portion		5% Portion	
	1982	1981	1982	1981
	(in thousands)			
Canadian Fund				
Metropolitan purposes:				
General	$229,610	$227,458	$ 6,556	$ 4,422
Schools:				
Public	42,413	56,702		
Secondary	38,986	47,351		
	81,399	104,053		
Public utilities:				
Waterworks	79,371	75,412	1,225	768
Toronto Transit Commission	11,511	10,253		
	90,882	85,665	1,225	768
Total Metropolitan purposes	401,891	417,176	7,781	5,190
Area municipality purposes	108,634	107,198	6,472	4,011
Province of Ontario purposes	12,188	11,332		
	$522,713	$535,706	$ 14,253	$ 9,201
U. S. Fund				
Metropolitan purposes:				
General			$ 34,962	$26,409
Schools:				
Public				
Secondary				
Public Utilities:				
Waterworks	$ 5,403	$ 5,216	11.677	8,791
Toronto Transit Commission	2,599	2,599		
	8,002	7,815	11,677	8,791
Total Metropolitan purposes	8,002	7,815	46,639	35,200
Area municipality purposes	3,156	3,199	53,746	36,789
Province of Ontario purposes				
	$ 11,158	$ 11,014	$100,385	$71,989

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

To the Members of the Board of Trustees
The Municipality of Metropolitan Toronto Pension Fund

I have examined the balance sheet of The Municipality of Metropolitan Toronto Pension Fund as at December 31, 1982 and the statement of revenue, expenditure and accumulated pension fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
June 29, 1983

THE MUNICIPALITY OF METROPOLITAN TORONTO PENSION FUND

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

ASSETS

	1982	1981
Investments (note 3)	$233,754,827	$211,720,513
Interest receivable	3,359,442	3,163,212
Accounts receivable	197,621	110,848
Contributions receivable	1,351,563	1,182,996
Short term investments	19,765,914	5,325,312
Cash	151,337	333,328
	$258,580,704	$221,836,209

LIABILITIES

	1982	1981
Pensions and other benefits payable	$ 335,664	$ 24,424
Prepaid contributions	23,100	23,100
Sundry accounts payable	22,245	25,485
	381,009	73,009
Accumulated pension fund	258,199,695	221,763,200
	$258,580,704	$221,836,209

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO PENSION FUND

STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED PENSION FUND

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
REVENUE		
Contributions (note 2)		
Current service	$ 9,692,031	$ 8,986,952
Past service	8,997,946	8,884,044
	18,689,977	17,870,996
Investment income (note 3)	25,326,634	20,298,814
	44,016,611	38,169,810
EXPENDITURE		
Pensions and other benefits	6,999,297	5,827,838
Accumulated contributions refunded	147,695	207,276
Transfer of accrued benefits to other pension plans	26,473	139,666
Actuarial fees	68,600	56,900
Investment management fees	301,907	263,080
Investment consulting fees	18,947	11,300
Other expenses	17,197	
	7,580,116	6,506,060
EXCESS OF REVENUE OVER EXPENDITURE	36,436,495	31,663,750
ACCUMULATED PENSION FUND, JANUARY 1	221,763,200	190,099,450
ACCUMULATED PENSION FUND, DECEMBER 31	$258,199,695	$221,763,200

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO PENSION FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) Investments

Bonds and debentures are carried at cost adjusted by amortization of the premium or discount on purchase over the term of the issue. Investments in managed investment funds are carried at cost plus accumulated earnings.

(b) Gains and losses on investments

Gains and losses on investments are recorded only upon sale of such investments and are determined on an average cost basis.

(c) Income recognition

Income on investments is recorded on the accrual basis with dividends being recorded on the ex-dividend date.

(d) Foreign currencies

Stocks purchased or sold in foreign currencies are translated into Canadian dollars using exchange rates prevailing at the date of acquisition or sale of the investments. Dividends received on foreign stocks are translated using exchange rates prevailing on the date of receipt of the dividends. Accrued dividends and market values are translated using year-end exchange rates.

2. CONTRIBUTIONS

	1982	1981
(a) Current service contributions		
From employers:		
Municipality of Metropolitan Toronto		
General	$1,636,561	$1,500,442
Waterworks	255,933	234,342
	1,892,494	1,734,784
Local boards of Metropolitan Toronto		
Police Commission (civilians)	264,023	235,361
Licensing Commission	41,986	39,526
Board of Management of the Metropolitan Toronto Zoo	5,209	6,265
	311,218	281,152
Other employers		
Riverdale Hospital	11,727	11,673
Area municipalities	2,563,147	2,397,223
Local boards of area municipalities	65,779	66,877
	2,640,653	2,475,773
Total employers' contributions	4,844,365	4,491,709
From members:		
Required contributions	4,844,372	4,491,709
Additional voluntary contributions	3,294	3,534
Total members' contributions	4,847,666	4,495,243
Total contributions	$9,692,031	$8,986,952

	1982	1981
(b) Past service contributions		
From employers:		
Municipality of Metropolitan Toronto	$4,423,172	$4,405,000
City of North York	2,692,451	2,542,251
Borough of Scarborough	908,800	908,800
Borough of East York	788,720	850,905
North York Public Library	85,000	85,000
Other	61,781	53,576
	8,959,924	8,845,532
From members	38,022	38,512
Total contributions	$8,997,946	$8,884,044

Further contributions from participating employers to meet unfunded past service liabilities, as set out below, will be credited to revenue as received.

Municipality of Metropolitan Toronto	**$4,405,000 annually, 1983 to 1992**
City of North York	**$2,443,800 annually, 1983 to 1992**
	$36,051 annually, 1983 to 1989
	$25,900 monthly, January 1983 to June 1991
Borough of Scarborough	**$908,800 annually, 1983 to 1992**
Borough of East York	**$42,500 annually, 1983 to 1988**
	$62,185 monthly, January 1983 to November 1995
North York Public Library	**$85,000 annually, 1983 to 1992**
Borough of York re Weston	**$23,100 annually, 1983 to 1992**
	$6,430 annually, 1983 to 1994
	$2,740 annually, 1983 to 1994
City of Toronto re Swansea	**$4,889 in 1983**
Etobicoke (New Toronto) Library Board	**$2,950 annually, 1983 to 1988**
The Riverdale Hospital	**$12,280 annually, 1983 to 1993**

3. INVESTMENTS AND INVESTMENT INCOME

(a) Investments consist of the following:

	1982	1981
Bonds and debentures, at amortized cost		
Issued or guaranteed by:		
Government of Canada	**$ 18,036,617**	**$ 17,524,586**
Provincial Government	**10,006,101**	**10,162,081**
Municipality of Metropolitan Toronto	**22,455,177**	**24,271,602**
Other Municipalities	**55,729,193**	**56,614,215**
Corporations	**11,609,913**	**11,607,451**
Market value - $103,725,000 (1981 - $87,115,000)	**117,837,001**	**120,179,935**
Net assets of managed investment funds, at cost plus accumulated earnings		
Bond funds Market value - $32,602,000 (1981 - 23,869,000)	**30,371,245**	**25,325,713**
Equity funds Market value - $77,020,000 (1981 - $51,159,000)	**69,087,242**	**50,583,331**
Managed mortgage funds, at cost	**16,459,339**	**15,631,534**
	$233,754,827	**$211,720,513**

(b) Investment income for the year:

	1982	1981
Bond interest	**$ 11,363,921**	**$ 11,244,955**
Managed investment funds		
Bond funds:		
Interest	**3,765,275**	**3,102,271**
Gain (loss) on sale of investments	**1,359,370**	**(687,907)**
	5,124,645	**2,414,364**
Equity funds:		
Dividends	**1,935,065**	**1,508,953**
Interest	**2,604,974**	**2,168,738**
Gain on sale of investments	**628,325**	**740,998**
	5,168,364	**4,418,689**
Managed mortgage fund interest	**2,090,565**	**1,792,746**
Interest on short term deposits	**1,579,139**	**428,060**
	$ 25,326,634	**$ 20,298,814**

The assets of the managed bond and equity funds are held by a trust company under the terms of a custodial agreement. The funds are managed by certain investment managers under separate management agreements. Net income is retained by each of the managed funds for reinvestment by the respective fund managers.

The assets of the managed mortgage funds are held and managed by investment managers under separate management agreements.

Income from the managed funds is recorded in the accounts of the Pension Fund as investment income as earned. Management and mortgage acquisition fees are expensed by the Pension Fund as incurred.

4. ACTUARIAL VALUATION

The financial statements show only the financial position of the Fund and do not purport to show the adequacy of the Fund to meet obligations for payment of pensions and death benefits to members.

The Fund was reviewed and reported on by an independent actuary as of December 31, 1981. As required by The Pension Benefits Act of Ontario the actuarial report, including a statement of assets and a cost certificate, was filed with the Pension Commission of Ontario. The actuary certified that the Fund was in satisfactory financial condition as at December 31, 1981, subject to the payment of unfunded liabilities totalling $68,446,863 by certain of the participating employers. Payments required with respect to these liabilities are included in the future contributions set out in note 2.

5. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not give significant additional disclosure.

Funds generated were equal to the excess of revenue over expenditure and were applied as follows:

	1982	1981
Investments	$22,034,314	$27,404,600
Changes in short term assets and liabilities	14,402,181	4,259,150
	$36,436,495	$31,663,750

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

To the Members of the Board of Trustees
The Metropolitan Toronto Police Benefit Fund

I have examined the balance sheet of The Metropolitan Toronto Police Benefit Fund as at December 31, 1982 and the statement of revenue, expenditure and accumulated benefit fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Ontario
June 29, 1983

THE METROPOLITAN TORONTO POLICE BENEFIT FUND

BALANCE SHEET

DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
ASSETS		
Investments (note 3)	$218,297,397	$175,723,164
Interest receivable	2,259,349	2,132,588
Accounts receivable	3,718	4,268
Short term investments	8,859,870	1,700,000
Cash	10,235	145,265
	$229,430,569	$179,705,285
LIABILITIES		
Accounts and benefits payable	$ 555,043	$ 341,756
Accumulated Benefit Fund	228,875,526	179,363,529
	$229,430,569	$179,705,285

(see accompanying notes)

THE METROPOLITAN TORONTO POLICE BENEFIT FUND
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED BENEFIT FUND
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
REVENUE		
Contributions (note 2)		
Current service	**$ 10,961,692**	$ 9,837,344
Past service	**24,239,711**	1,965,800
Special	**2,373**	13,056
	35,203,776	11,816,200
Investment income (note 3)	**22,988,416**	17,505,622
	58,192,192	29,321,822
EXPENDITURE		
Pensions and other benefits	**8,047,600**	6,566,867
Accumulated contributions refunded or transferred to other pension plans	**207,136**	201,202
Investment management fees	**344,638**	250,586
Actuarial fees	**41,900**	32,400
Investment consulting fees	**18,976**	11,300
Other expenses	**15,945**	600
	8,676,195	7,062,955
EXCESS OF REVENUE OVER EXPENDITURE	**49,515,997**	22,258,867
ACCUMULATED BENEFIT FUND, JANUARY 1	**179,363,529**	157,104,662
ACCUMULATED BENEFIT FUND, DECEMBER 31	**$228,879,526**	$179,363,529

(see accompanying notes)

THE METROPOLITAN TORONTO POLICE BENEFIT FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING POLICIES

(a) Investments

Bonds and debentures are carried at cost adjusted by amortization of the premium or discount on purchase over the term of the issue. Investments in managed investment funds are carried at cost plus accumulated earnings.

(b) Gains and losses on investments

Gains and losses on investments are recorded only upon sale of such investments and are determined on an average cost basis.

(c) Income recognition

Income on investments is recorded on the accrual basis with dividends being recorded on the ex-dividend date.

(d) Foreign currencies

Stocks purchased or sold in foreign currencies are translated into Canadian dollars using exchange rates prevailing at the date of acquisition or sale of the investments. Dividends received on foreign stocks are translated using exchange rates prevailing on the date of receipt of the dividends. Accrued dividends and market values are translated using year-end exchange rates.

2. CONTRIBUTIONS

(a) Current service contributions

	1982	1981
From the Municipality of Metropolitan Toronto	$ 5,480,846	$4,918,672
From Members	5,480,846	4,918,672
Total contributions	$10,961,692	$9,837,344

(b) Past service contributions

Further contributions receivable from the Municipality of Metropolitan Toronto, as set out below, will be credited to revenue as received:

$8,507,800 annually, in 1983 and 1984
$8,457,000 annually, 1985 to 1992 inclusive
$6,617,000 annually, 1993 and 1994

3. INVESTMENTS AND INVESTMENT INCOME

(a) Investments consist of the following

	1982	1981
Bonds and debentures, at amortized cost Issued or guaranteed by:		
Government of Canada	$ 7,907,193	$ 7,902,706
Provincial Governments	5,796,577	5,845,020
Municipality of Metropolitan Toronto	15,311,379	17,076,105
Other Municipalities	49,608,635	50,538,287
Corporations	4,489,292	4,487,014
Market value - $71,593,000 (1981 - $61,004,000)	83,113,076	85,849,132
Net assets of managed investment funds, at cost plus accumulated earnings		
Bond funds Market value - $52,422,000 (1981 - $23,610,000)	50,142,345	24,931,406
Equity funds Market value - $73,635,000 (1981 - $50,509,000)	66,153,245	48,598,044
Managed mortgage funds, at cost	18,888,731	16,344,582
	$218,297,397	$175,723,164

(b) Investment income for the year

	1982	1981
Bond interest	$ 7,695,824	$ 7,737,304
Managed investment funds:		
Bond funds:		
Interest	5,010,631	2,873,890
Gain (loss) on sale of investments	1,318,534	(432,106)
	6,329,163	2,441,784
Equity funds:		
Dividends	1,959,869	1,616,835
Interest	2,361,767	2,102,925
Gain on sale of investments	787,320	1,507,109
	5,108,956	5,226,869
Mortgage fund interest	2,359,551	1,754,412
Interest on short term deposits	1,494,920	345,253
	$ 22,988,416	$ 17,505,622

The assets of the managed bond and equity funds are held by a trust company under the terms of a custodial agreement. The funds are managed by certain investment managers under separate management agreements. Net income is retained by each of the managed funds for reinvestment by the respective fund managers.

The assets of the managed mortgage funds are held and managed by investment managers under separate management agreements.

Income from the managed funds is recorded in the accounts of the Benefit Fund as investment income as earned. Management and mortgage acquisition fees are expensed by the Benefit Fund as incurred.

4. ACTUARIAL VALUATION

The financial statements show only the financial position of the Fund and do not purport to show the adequacy of the Fund to meet obligations for payment of pensions and death benefits to members.

The Fund was reviewed and reported on by an independent actuary as of December 31, 1981. As required by The Pension Benefits Act of Ontario the actuarial report, including a statement of assets and a cost certificate, was filed with the Pension Commission of Ontario. The actuary certified that the Fund was in satisfactory financial condition as at December 31, 1981, subject to continued payment of regular contributions by the members and the employer and the liquidation of an unfunded liability. The present value of the unfunded liability of the Benefit Fund decreased from a level of $79,470,258 as at December 31, 1980, the date of the previous actuarial report, to $71,629,841 as at December 31, 1981. The decrease was due to instalment payments made to the Fund during 1982 by the Metropolitan Toronto Corporation.

Payments required with respect to the unfunded liability are included in the future contributions by the employer as set out in note 2.

5. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not give significant additional disclosure. Funds generated were equal to the excess of revenue over expenditure and were applied as follows:

	1982	1981
Investments	$ 42,574,233	$ 22,877,832
Changes in short term assets and liabilities	6,941,764	(618,965)
	$ 49,515,997	$ 22,258,867

6. CONTINGENCIES

Pursuant to an Order of the Divisional Court dated June 15, 1982 and as confirmed by the decision of the Court of Appeal of the Province of Ontario, a member of the Fund has established his right to additional credited service in the Fund for a period of employment prior to becoming a police officer. There will be a cost of approximately $8,336 to the Fund and it is likely that other officers of the police force will assert similar claims. The total value of such possible claims cannot be ascertained at the present time but the Actuary has advised that the total liability of the Fund will not exceed $1,000,000. The possibility of recovery of such payments from the employer has been raised, but the Board has taken no action in or position on the matter.

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1
Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

AUDITOR'S REPORT

To the Members of the Board of Trustees
The Metropolitan Toronto Police Benefit Fund

I have examined the balance sheet of the Supplemental Pension Benefits Trust Fund of the Metropolitan Toronto Board of Commissioners of Police as at December 31, 1982 and the statement of revenue, expenditure and accumulated trust fund for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Fund as at December 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

Toronto, Canada
June 29, 1983

THE MUNICIPALITY OF METROPOLITAN TORONTO
BOARD OF COMMISSIONERS OF POLICE
SUPPLEMENTAL PENSION BENEFITS TRUST FUND

BALANCE SHEET

DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
ASSETS		
Short term investments, at cost, which approximates market	$ 154,254	$ 147,040
Accrued interest	1,259	1,520
Cash	132	6,448
	$ 155,645	$ 155,008
LIABILITIES		
Benefits payable	$	$ 2,503
Accumulated Trust Fund	155,645	152,505
	$ 155,645	$ 155,008

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO
BOARD OF COMMISSIONERS OF POLICE
SUPPLEMENTAL PENSION BENEFITS TRUST FUND

STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED TRUST FUND

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
REVENUE		
Interest income	$ 22,001	$ 23,238
Donations	20	
	22,021	23,238
EXPENDITURE		
Pensions	18,874	11,719
Other expenses	7	181
	18,881	11,900
EXCESS OF REVENUE OVER EXPENDITURE	3,140	11,338
ACCUMULATED TRUST FUND, JANUARY 1	152,505	141,167
ACCUMULATED TRUST FUND, DECEMBER 31	$ 155,645	$ 152,505

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO
BOARD OF COMMISSIONERS OF POLICE
SUPPLEMENTAL PENSION BENEFITS TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1982

1. The Supplemental Pension Benefits Trust Fund was established by the Board of Commissioners of Police to provide a fund for the benefit of spouses or dependent children of members of the police force who die as a result of injuries received in the performance of their duties.

2. The Trust Fund is administered by the Board of Trustees of the Metropolitan Toronto Police Benefit Fund. Payments from the Trust Fund are governed by criteria formulated by the Trustees.

3. These financial statements show only the financial position of the Trust Fund and do not purport to show the adequacy of the Trust Fund to make the payments which may be required from time to time in accordance with the criteria established by the Trustees.

METROPOLITAN TORONTO
SCHOOL BOARD

THE METROPOLITAN TORONTO SCHOOL BOARD

AUDITOR'S REPORT

To the Chairman and Members of
The Metropolitan Toronto School Board:

We have examined the balance sheet of The Metropolitan Toronto School Board as at December 31, 1982, and the revenue fund statements of operations, the statements of revised net revenue fund requirement, the capital fund statement of operations and the reserve fund statements of continuity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1982 and the results of its operations for the year then ended in accordance with accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Toronto, Ontario
March 31, 1983

PRICE WATERHOUSE & CO.
Chartered Accountants
Licence number 677

THE METROPOLITAN TORONTO SCHOOL BOARD

BALANCE SHEET

DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash	$ 6,153	$ 10,169
Investments at cost	28,122	38,450
Accounts receivable - other	62,871	35,765
Prepaid expense	30	27
	97,176	84,411
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS (note 1(b))	194,214	211,404
OTHER ASSETS	135	907
	$291,525	$296,722
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities		
Over-requisition - (elementary)	$ 2,011	$ 8,597
Over-requisition - (secondary)	2,754	8,827
Other	61,966	34,104
Reserve for 1983 tax reduction - secondary (note 6)	76	
	66,807	51,528
DEFERRED REVENUE	10,973	11,032
NET LONG TERM LIABILITIES (notes 1(c), 2)	193,830	211,175
EQUITY IN RESERVE FUNDS	19,915	22,987
	$291,525	$296,722

THE METROPOLITAN TORONTO SCHOOL BOARD

SCHEDULE OF ASSETS

DECEMBER 31, 1982

	Revenue Fund	Capital Fund	Reserve Fund	Consolidated Balance Sheet Assets
	(in thousands)			
ASSETS				
Current Assets				
Cash	$ 6,153			$ 6,153
Investments at cost	13,176		$14,946	28,122
Accounts receivable				
Municipalities Supplementary taxes, etc.	39,000			39,000
Other school boards	850			850
Government of Ontario	12,408			12,408
Other	826	$ 9,787		10,613
Due from other funds				
Capital	411			
Revenue			4,969	
Prepaid expense	30			30
TOTAL CURRENT ASSETS	72,854	9,787	19,915	97,176
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS (note 1(b))		194,214		194,214
OTHER ASSETS	135			135
	$72,989	$204,001	$19,915	$291,525

THE METROPOLITAN TORONTO SCHOOL BOARD

SCHEDULE OF LIABILITIES

DECEMBER 31, 1982

		Revenue Fund	Capital Fund	Reserve Fund	Consolidated Balance Sheet Liabilities
			(in thousands)		
LIABILITIES					
Current Liabilities					
Accounts payable					
Municipalities					
Over-requisitions (elementary)		$ 2,011			$ 2,011
Over-requisitions (secondary)		2,754			2,754
Other school boards		61,066			61,066
Trade payable and accrued liabilities		900			900
Due to other funds					
Reserve		4,969			
Revenue			$ 411		
Reserve for 1983 tax reduction (note 6)		76			76
TOTAL CURRENT LIABILITIES		71,776	411		66,807
DEFERRED REVENUE		1,213	9,760		10,973
NET LONG TERM LIABILITIES					
Unmatured debenture debt -	$275,229				
Less: Sinking fund (note 3)	81,399		193,830		193,830
EQUITY IN RESERVE FUNDS					
(Elementary)				$13,724	
(Secondary)				6,191	19,915
		$72,989	$204,001	$19,915	$291,525

THE METROPOLITAN TORONTO SCHOOL BOARD
REVENUE FUND STATEMENT OF OPERATIONS
FOR ELEMENTARY SCHOOL PURPOSES
FOR THE YEAR ENDED DECEMBER 31, 1982
(with comparative figures for 1981)

	1982	1981
	(in thousands)	
EXPENDITURE		
Business administration	$ 1,167	$ 1,031
General administration	232	
Computer services	113	56
Instruction	3,433	279
Plant operation and maintenance	481	56
Transportation	370	16
Tuition fees	6	2
Capital expenditure (non-allocable)	12,941	5,652
Other operating expenditure	518,160	451,782
Debt charges and capital loan interest (note 4)	23,447	24,154
Non-operating expenditure excluding transfers to reserves	9,783	5,440
TOTAL EXPENDITURE	570,133	488,468
RECOVERY OF EXPENDITURE		
Government of Canada		1
Other revenue, excluding transfers from reserves	22,988	10,335
TOTAL RECOVERY OF EXPENDITURE	22,988	10,336
NET EXPENDITURE	$547,145	$478,132
FINANCING OF NET EXPENDITURE		
Government of Ontario		
General Legislative Grants	$ 71,118	$ 81,814
Local taxation		
Previous year's over (under) requisition	8,597	6,212
Local taxation raised in the current year	477,234	403,483
Decrease (increase) in reserve other than reserve for refund of taxes	(7,793)	(4,780)
TOTAL	478,038	404,915
To be applied to the following year's taxation		
Net under (over requisition)	(2,011)	(8,597)
TOTAL	$547,145	$478,132

THE METROPOLITAN TORONTO SCHOOL BOARD
REVENUE FUND STATEMENT OF OPERATIONS
FOR SECONDARY SCHOOL PURPOSES
FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
EXPENDITURE		
Business administration	$ 802	$ 768
General administration	284	
Computer services	99	64
Instruction	5,075	7,442
Plant operation and maintenance	776	1,202
Transportation	758	1,084
Tuition fees	5	13
Capital expenditure (non-allocable)	8,704	6,195
Other operating expenditure	509,216	450,137
Debt charges and capital loan interest (note 4)	14,317	14,759
Non-operating expenditure excluding transfers to reserves	8,131	5,069
TOTAL EXPENDITURE	548,167	486,733
RECOVERY OF EXPENDITURE		
Other school boards - tuition fees and miscellaneous		85
Government of Canada, miscellaneous		27
Government of Ontario, miscellaneous	9	6
Other revenue, excluding transfers from reserves	4,168	3,017
TOTAL RECOVERY OF EXPENDITURE	4,177	3,135
NET EXPENDITURE	$543,990	$483,598
FINANCING OF NET EXPENDITURE		
Government of Ontario		
General legislative grants	$104,817	$114,476
Local taxation		
Previous year's over (under) requisition	8,827	4,175
Local taxation raised in the current year	430,540	373,085
Decrease (increase) in reserve other than reserve for refund of taxes	2,636	689
TOTAL	442,003	377,949
Reserve for refund of taxes (note 6)	(76)	
To be applied to the following year's taxation		
Net under (over) requisition	(2,754)	(8,827)
TOTAL	$543,990	$483,598

THE METROPOLITAN TORONTO SCHOOL BOARD

CAPITAL FUND STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1982

(with comparative figures for 1981)

	1982	1981
	(in thousands)	
CAPITAL EXPENDITURE		
Fixed assets and work in progress		
Buildings, furniture and equipment	$235	$148
School sites and improvements to sites		8
Other	4	
TOTAL CAPITAL EXPENDITURE	$239	$156
CAPITAL FINANCING		
Unexpended funds at beginning of year, or (balance at beginning of year not permanently financed)		
Elementary	$ 4	$ 3
Secondary	(233)	(299)
Surplus financing returned to Metropolitan Corporation	(4)	
Capital expenditure from the revenue fund	89	223
Balance at end of year not permanently financed or (unexpended funds at end of year)		
Elementary	379	(4)
Secondary	4	233
TOTAL CAPITAL FINANCING	$239	$156

THE METROPOLITAN TORONTO SCHOOL BOARD

STATEMENT OF REVISED NET REVENUE FUND REQUIREMENT FOR ELEMENTARY SCHOOL PURPOSES

FOR THE YEAR ENDED DECEMBER 31, 1982

(in thousands of dollars)

Municipality	School Board Requirement for 1982 Operations	1981 Under (Over) Requisitions	Total Requirement for 1982	1982 Actual Requisition	1982 Under (Over) Requisitions
East York				$ 16,724	
Etobicoke				67,084	
North York				107,280	
Scarborough				69,999	
Toronto				189,846	
York				16,552	
Metropolitan Toronto	$ 474,071	$ (8,597)	$ 465,474		$ (2,011)
TOTALS	$ 474,071	$ (8,597)	$ 465,474	$ 467,485	$ (2,011)

STATEMENT OF REVISED NET REVENUE FUND REQUIREMENT FOR SECONDARY SCHOOL PURPOSES

FOR THE YEAR ENDED DECEMBER 31, 1982

(in thousands of dollars)

Municipality	School Board Requirement for 1982 Operations	1981 Under (Over) Requisitions	Total Requirement for 1982	1982 Actual Requisition	1982 Under (Over) Requisitions
East York				$ 14,704	
Etobicoke				62,747	
North York				100,503	
Scarborough				63,429	
Toronto				164,318	
York				16,623	
Metropolitan Toronto	$ 428,397	$ (8,827)	$ 419,570		$ (2,754)
TOTALS	$ 428,397	$ (8,827)	$ 419,570	$ 422,324	$ (2,754)

THE METROPOLITAN TORONTO SCHOOL BOARD

RESERVE FUNDS, STATEMENT OF CONTINUITY

FOR ELEMENTARY SCHOOL PURPOSES

FOR THE YEAR ENDED DECEMBER 31, 1982

(in thousands of dollars)

	Purpose for which the fund was established						
			Reserve Funds for Proceeds from Sale of School Sites				
	Reserve Fund for Expenditures to Be Made out of Current Funds for Permanent Improvements	Reserve Fund for Metro-wide Insurance Plan	Waived Grant Deduction on Sites 1979 & 1980	Waived Grant Deduction on Sites 1980 Normally Approved Capital Projects	Board Equity Capital Fund	Ministry Equity Capital Fund	Total
Balance at December 31, 1981	$2,581	$ 902	$10,694	$ 9	$1,218	$ 35	$15,439
Transferred from discontinued Reserve Fund					11,924	10	11,934
Transferred from Secondary School Reserve Funds					142	101	243
Total amount provided during 1982	4,601				2,683	509	7,793
Earnings on investments during 1982	415	135	1,230	1	1,140	55	2,976
Total	7,597	1,037	11,924	10	17,107	710	38,385
Transfers to Revenue Fund in 1982	4,616	328			7,783		12,727
Transfers to New Reserve Funds in 1982			11,924	10			11,934
Balance at December 31, 1982	$2,981	$ 709	$	$	$9,324	$710	$13,724

THE METROPOLITAN TORONTO SCHOOL BOARD

RESERVE FUNDS, STATEMENT OF CONTINUITY

FOR SECONDARY SCHOOL PURPOSES

FOR THE YEAR ENDED DECEMBER 31, 1982

(in thousands of dollars)

	Purpose for which the fund was established						
			Reserve Funds for Proceeds from Sale of School Sites				
	Reserve Fund for Expenditures to Be Made out of Current Funds for Permanent Improvements	Reserve Fund for Metro-wide Insurance Plan	Waived Grant Deduction on Sites 1979 & 1980	Waived Grant Deduction on Sites 1980 Normally Approved Capital Projects	Board Equity Capital Fund	Ministry Equity Capital Fund	Total
Balance at December 31, 1981	5,613	518	927	246	143	101	7,548
Transferred from discontinued Reserve Funds					1,053	333	1,386
Total amount provided during 1982	5,976	210					6,186
Earnings on investments during 1982	1,102	88	126	87	93	27	1,523
Total	12,691	816	1,053	333	1,289	461	16,643
Transfers to Revenue Fund in 1982	8,423	235			165		8,823
Transfers to New Reserve Funds in 1982			1,053	333			1,386
Transfers to Elementary Schools Reserve Funds					142	101	243
Balance at December 31, 1982	$4,268	$581	$	$	$ 982	$360	$ 6,191

THE METROPOLITAN TORONTO SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1982

1. ACCOUNTING PRINCIPLES

The financial statements have been prepared by the Board using accounting principles that are prescribed by the Ministry of Education and are considered appropriate for Ontario School Boards. These principles are in accordance with generally accepted accounting principles except as follows:

(a) Accrual Accounting

Revenue and expenditure are accounted for on the accrual method except for:

(i) No provision is made for interest or unmatured debenture debt from the date of payment to the end of the fiscal year.

(ii) No provision is made to record the liability for retirement and/or sick leave benefits accruing over the working lives of employees.

(b) Fixed Assets

Fixed assets are charged to current expenditure unless financed by long-term debt. Principal and interest charges on net long-term liabilities are included as expenditures in the period due. Fixed assets including capital leases, described as capital outlay to be recovered in future years, are included on the balance sheet only to the extent of the balances of the related net long-term liabilities outstanding and of the related temporary financing at the end of the fiscal year.

(c) Net Long-term Liabilities

Net long-term liabilities represent debenture debt issued by the Municipality of Metropolitan Toronto for school purposes and for which the School Board provides for amounts of principal and interest payable. Debentures are recorded as unmatured debenture debt in the year of sale.

(d) Reserve Funds

Reserve funds represent funds appropriated for specific purposes which are charged or credited to revenue fund operations in the year appropriated or drawn down, and proceeds from the sale of school sites.

(e) Under/Over Requisition of Taxes

The difference between the net expenditures of any year and the amounts received to finance these expenditures is carried forward to the subsequent year to either increase or reduce the net revenue requirement from ratepayers.

2. NET LONG-TERM LIABILITY REPAYMENTS

Of the net long-term liabilities outstanding of $193,830,000, principal amounting to $99,346,000 plus interest amounting to $66,465,000 is payable over the next five years as follows:

Year	Principal	Interest	Total
	(in thousands)		
1983	$17,958	$18,436	$36,394
1984	19,207	15,578	34,785
1985	20,529	12,958	33,487
1986	21,746	10,693	32,439
1987	19,906	8,800	28,706

3. SINKING FUND

The sinking fund of $81,399,000 consists of the actuarial requirement of the sinking fund of $71,746,000 and accumulated surplus of $9,653,000. Of the $9,653,000, an amount of $6,374,000 has been approved as a reduction of future sinking fund deposits by the Ontario Municipal Board.

Interest at the statutory rate of 3% over the remaining life of the sinking fund debentures will reduce the amount to be recovered from future tax levies by an additional $3,279,000. Interest earned in excess of 3% may, with the approval of the Ontario Municipal Board, be used to further reduce the amounts to be recovered from future tax levies.

4. DEBT CHARGES AND CAPITAL LOAN INTEREST

The revenue fund expenditure for debt charges and capital loan interest includes principal and interest payments as follows:

	Elementary	Secondary
	(in thousands)	
Principal payments on long-term liabilities including contributions to sinking funds	$ 10,802	$ 6,007
Interest payments on long-term liabilities	12,645	8,310
	23,447	14,317
Net surplus debenture funds used to reduce 1982 debt charges	(24)	(23)
Interest expense earned on temporary financing of capital projects	98	(240)
	$ 23,521	$ 14,054

5. UNFUNDED PENSION LIABILITY

In 1980, the School Board agreed to fund an amendment to the pension plan to improve retirement benefits for eligible non-teaching employees in the public school boards of Metropolitan Toronto. The cost, as calculated by independent actuaries, will be funded over fifteen years in annual amounts of $2.5 million commencing in 1980.

6. RESERVE FOR 1983 TAX REDUCTION

Section 211 of the Education Act requires that where monies raised by a school board through local taxation are not required by reason that salaries and wages of employees are not paid because of a strike or lock-out of such employees during the year, the net savings are to be placed in a reserve and are to be used to reduce the requirement for local taxation in the following year.

During the past year such a strike occurred, and the School Board placed monies in reserve for return to the ratepayers in the form of 1983 tax reductions as follows:

Secondary school supporters - $76,367

The net savings consists of salaries and employee benefits not paid, offset by a reduction in general legislative grants from the Government of Ontario.

7. SICK LEAVE CREDIT GRATUITY

Under the sick leave credit gratuity plan, employees may become entitled to a cash payment upon retirement, upon becoming totally and permanently disabled, or upon death. The gratuity is based on one-half of the employee's accumulated unused sick leave credits and the statutory limits. The amount of the retirement gratuities paid in 1982 was $35,000 and in 1981 was $5,000.

It is estimated that the contingent liability associated with the accumulated sick leave credits for all employees amounted to $939,000 at December 31, 1982. No provision has been made for the contingent liability with respect to the sick leave credit gratuity plan.

GENERAL AND STATISTICAL INFORMATION

SELECTED ECONOMIC INDICATORS

OF

METROPOLITAN TORONTO

1982

Number of Dwelling Units Completed			8,631	
Value of Building Permits Issued:			$1,241,598,000	
Residential	$529,007,000			
Industrial and Commercial	617,849,000			
Institutional and Government	94,742,000			
Public Schools (Elementary and Secondary)			605	
Paved Roads:			5,081	km
King's Highway	106	km		
Metropolitan	730	km		
Area Municipalities	4,245	km		
Toronto Transit System - Kilometres Operated			181,579,000	
Sewers:			11,388	km
Metropolitan	352	km		
Area Municipalities	11,036	km		
Watermains:			5,500	km
Metropolitan	457	km		
Area Municipalities	5,043	km		
Water Consumption			449,113,540	m^3
Cheques Cashed - Toronto Clearing House			$4,404,288,000,000	
Stock Exchange - Average Number of Shares Traded Daily			6,257,000	
- Average Daily Value			$70,120,000	
Harbour Cargo Tonnage			2,021,000	tonnes

GENERAL INFORMATION

BACKGROUND

The Municipality of Metropolitan Toronto was incorporated in 1953 as a regional government by an Act of the Province of Ontario. Located on the north shore of Lake Ontario, it consists of six municipalities namely, the Cities of Toronto, North York, Scarborough, Etobicoke, York and the Borough of East York.

As used herein, the term "Metropolitan Corporation" refers to The Municipality of Metropolitan Toronto; the term "Metropolitan Area" refers to the area governed by the Metropolitan Corporation and the term "Area Municipalities" refers to the six constituent municipalities noted above.

The Metropolitan Area, covering 244 square miles and extending approximately 25 miles along the north shore of Lake Ontario, forms the nucleus of a continuous zone of heavily populated, industrialized cities clustered around the north-western shore of Lake Ontario. It is the centre of an extensive and diverse manufacturing, retailing, transportation and financial system. Of the largest 100 manufacturing, resource and utility corporations in Canada measured by fiscal 1979/1980 sales, 40 are headquartered in the Metropolitan Area. In addition, a majority of businesses which provide service on a national basis, such as advertising, accounting, printing and publishing, travel and industrial research, are headquartered in the Metropolitan Area.

Approximately 33% of Canada's retail market is located within 100 miles of Metropolitan Toronto. During 1982, the Toronto Census Metropolitan Area (the Toronto C.M.A.) accounted for 92% and 60% of the cheques cashed in Ontario and Canada, respectively, while The Toronto Stock Exchange, with a trading dollar value of $17.7 billion, accounted for approximately 80% of the activity on all the Canadian stock exchanges.

The following table shows the distribution of the labour force of the Toronto C.M.A. according to the federal decennial census of 1981 (the latest data published).

	% of Total
Business and Community Services	28.6
Manufacturing	25.9
Trade	
Wholesale	6.2
Retail	11.3
Finance, Insurance and Real Estate	8.2
Transportation, Communication and Utilities	7.7
Construction	5.2
Public Administration	4.9
Agriculture, Forestry, Fishing and Mining	0.8
Other	1.2

Source: Statistics Canada

By virtue of its varied industrial base and highly developed service sectors, the Metropolitan Area enjoys the highest total income and total disposable income of any municipal area in Canada. In 1982, the Toronto C.M.A. with 12.3% of the national population, reported 14.8% of the nation's personal disposable income which, on a per capita basis, was 20.3% above the national average.

The Metropolitan Area had a population of 2,140,347 at December 31, 1982, which represented approximately 9% of the population of Canada and approximately 25% of the population of Ontario. The following table sets forth the estimated population of each of the Area Municipalities at such date:

	Population	% of Total
City of Toronto	614,763	28.7
City of North York	560,443	26.2
City of Scarborough	435,980	20.4
City of Etobicoke	296,767	13.9
City of York	132,946	6.2
Borough of East York	99,448	4.6
	2,140,347	100.0

Source: Assessment records of the Province of Ontario

Since 1971, the population of the Metropolitan Area has remained relatively constant while the populations of Ontario and Canada have each increased at average annual compound rates of approximately 1.2%.

Year	Metropolitan Area	Ontario	Canada
1971	2,089,729	7,703,106	21,568,311
1976	2,124,291	8,264,465	22,992,604
1982	2,140,347	8,687,000	24,604,000

Sources: Statistics Canada and assessment records of the Province of Ontario.

The Metropolitan Corporation was the first community in North America to adopt, as a concept and a structure for local government, a regional federation of municipalities. The governing principle of the Metropolitan Corporation is that certain services common to the entire Metropolitan Area, which currently include public transit, police protection and social welfare, are the responsibility of the Metropolitan Corporation. On the other hand, services of a more local nature, which currently include fire protection, certain utility services and collection of property taxes, are the responsibility of the individual Area Municipalities. The remaining responsibilities are divided between the Metropolitan Corporation and the Area Municipalities depending on whether such function has been defined as "area-wide" or "local" in scope.

GENERAL TAX LEVY

The Metropolitan Corporation levies sums of money, not mill rates, on the constituent area municipalities. However, it has been customary, for purposes of yearly comparisons, to express the total general levy in terms of an "average equivalent mill rate". The actual mill rates levied for Metro purposes by area municipalities vary from this "average", due to a combination of factors.

The assessment figures used for purposes of apportionment of the Metro levy include, in addition to taxable amounts, the assessed value of all properties for which the area municipalities receive payment in lieu of taxes and also equivalent assessments in respect of telephone and telegraph company receipts and certain Provincial grants.

In accordance with Provincial legislation, the Metro general levy requirement, before deducting the per capita grants received by Metro from the Province, is first apportioned over the six area municipalities on the basis of this adjusted total general Metropolitan assessment. The resultant amounts are then reduced by the respective area municipality's share of the per capita grant on a population rather than an assessment basis in order to determine the net amount of money to be actually levied upon each area municipality. Such sums are converted by each area municipality into its own residential and commercial mill rates, based on taxable assessments, with the residential rate established at 85% of the commercial rate. These rates will differ from the Metro "average mill rate", which is simply an expression of the net Metro levy in relation to the total Metro "equalized assessment" used in the apportionment process.

SALE OF WATER TO AREA MUNICIPALITIES

The Water Supply Division of the Metropolitan Works Department is responsible for the supply of potable water of the highest standard of quality conforming to the requirements of Provincial and Federal Acts and Regulations in a quantity sufficient for the requirement of the citizens of the Metropolitan Toronto Area. The service is operated 24 hours a day, 7 days a week.

The Water Supply Division undertakes the treatment, pumping, trunk transmission, storage and supply of water for the Cities of Toronto, North York, Scarborough, Etobicoke and York, the Borough of East York, as well as to the southerly portion of the Regional Municipality of York, under agreement with the Province of Ontario.

Water rates for this municipal enterprise are required by law to be set at a level that will enable the Waterworks System to be self-sustaining after providing for such maintenance, renewals, debt charges and reserves as the Metropolitan Council deem proper, and any surplus revenues not required for such purposes must remain at the credit of the System.

SEWER SURCHARGE ON SALE OF WATER TO AREA MUNICIPALITIES

The Metropolitan Council is empowered to add a surcharge of such percentage as it may determine to the water rates and the proceeds of such surcharge shall be deemed not to be revenue of the Waterworks System but be applied or expended for the purpose of collecting or receiving from the area municipalities sewage and land drainage and the treatment or disposal thereof.

AUTHORITY TO BORROW

Under its statutory powers, the Municipality has the sole responsibility for borrowing money for its own account, its local boards and municipal enterprises and, further, on behalf of its area municipalities and their local boards and municipal enterprises. In addition, it has assumed certain debt incurred directly by its area municipalities prior to this statutory responsibility. Where money is borrowed, or debt assumed, on behalf of other bodies, repayment of the related debt servicing requirements is made by these bodies to the Municipality.

The obligations of the Metropolitan Corporation with respect to debenture debt accordingly divide into two categories, namely:-

(a) the obligation to provide funds to the Area Municipalities for payment of all outstanding debenture debt issued by them prior to 1954 for school purposes and for works transferred to the Metropolitan Corporation (debenture debt in this category is referred to as "Assumed"), and

(b) the obligation to repay holders of debentures issued by the Metropolitan Council for the purposes of:

    (i) The Metropolitan Corporation, including the Toronto Transit Commission, the Metropolitan Waterworks System and the Metropolitan Library Board;

    (ii) any Area Municipality;

    (iii) Boards of Education in the Metropolitan Area, not including the Separate School Board.

METROPOLITAN TORONTO SCHOOL BOARD

The Metropolitan Toronto School Board is required to provide each area municipality school board with the total funds necessary to provide an educational program, having regard to each area municipality's varying needs. The approved net requirements of the six area school boards, together with the Metropolitan Toronto School Board's own requirements, are combined into a composite budget, which in turn becomes the basis of the Metropolitan levy upon the area municipalities for education purposes each year. Legislation also permits the local school boards to levy upon their municipalities, within prescribed limits. for sums required in excess of those provided by the Metropolitan Toronto School Board.

In addition, the Metropolitan Corporation has the exclusive power to issue debentures on behalf of the School Board to finance the cost of new schools and other capital expenditures.

POPULATION, AREA, AND ASSESSMENT OF THE AREA MUNICIPALITIES COMPRISING THE MUNICIPALITY OF METROPOLITAN TORONTO

	POPULATION*		AREA		ASSESSMENT*	
Municipality	Number	% of Total	Square Km	% of Total	Total General (in thousands of dollars	% of Total
City of Toronto	652,403	29.80	98.2	15.53	$3,309,258	39.41
City of North York	566,443	25.88	176.1	27.87	1,985,766	23.65
Borough of Etobicoke	296,298	13.53	125.1	19.80	1,239,702	14.76
Borough of Scarborough	433,875	19.82	187.8	29.71	1,247,769	14.86
Borough of York	135,753	6.20	23.6	3.73	325,966	3.88
Borough of East York	104,408	4.77	21.2	3.36	288,698	3.44
TOTALS	2,189,180	100.00	632.0	100.00	8,397,159	100.00

*Population and assessment for 1981 as basis for distribution of Metropolitan Levy in 1982.

DISTRIBUTION OF METROPOLITAN GENERAL LEVY - 1982

(in thousands of dollars)

Area Municipality	Assessment	Levy Before Crediting Per Capita Grant & R.E.G.	Approx. % of Total	Per Capita Grant	Net Levy	Approx. % of Total
City of Toronto	$3,309,258	$215,911	39.41	$18,267	$197,644	40.62
City of North York	1,985,766	129,560	23.65	15,860	113,700	23.37
Borough of Etobicoke	1,239,702	80,884	14.76	8,296	72,588	14.92
Borough of Scarborough	1,247,769	81,410	14.86	12,149	69,261	14.23
Borough of York	325,966	21,267	3.88	3,801	17,466	3.59
Borough of East York	288,698	18,836	3.44	2,924	15,912	3.27
TOTALS	$8,397,159	$547,868	100.00	$61,297	$486,571	100.00

DISTRIBUTION OF METROPOLITAN EDUCATIONAL LEVY - 1982

(in thousands of dollars)

	Public			Secondary			Total Levy	
Area Municipality	Assessment	Levy	Approx. % of Total	Assessment	Levy	Approx. % of Total	Amount	Approx. % of Total
City of Toronto	$2,934,305	$189,846	40.61	$3,215,538	$164,317	38.91	$354,163	39.80
City of North York	1,658,140	107,280	22.95	1,966,754	100,503	23.80	207,783	23.35
Borough of Etobicoke	1,036,869	67,084	14.35	1,227,894	62,747	14.86	129,831	14.59
Borough of Scarborough	1,081,919	69,999	14.97	1,241,245	63,429	15.02	133,428	15.00
Borough of York	255,837	16,552	3.54	325,293	16,623	3.93	33,175	3.73
Borough of East York	258,495	16,724	3.58	287,738	14,704	3.48	31,428	3.53
TOTALS	$7,225,565	$467,485	100.00	$8,264,462	$422,323	100.00	$889,808	100.00

SUMMARY OF DISTRIBUTION OF METROPOLITAN LEVY - 1982

(in thousands of dollars)

Area Municipality	General Levy	Educational Levy			Total Levy	
		Public	Secondary	Total	Amount	Approx. % of Total
City of Toronto	$197,644	$189,846	$164,317	$354,163	$ 551,807	40.09
City of North York	113,700	107,280	100,503	207,783	321,483	23.36
Borough of Etobicoke	72,588	67,084	62,747	129,831	202,419	14.71
Borough of Scarborough	69,261	69,999	63,429	133,428	202,689	14.72
Borough of York	17,466	16,552	16,623	33,175	50,641	3.68
Borough of East York	15,912	16,724	14,704	31,428	47,340	3.44
TOTALS	$486,571	$467,485	$422,323	$889,808	$1,376,379	100.00

STATEMENT OF TAX LEVIES AND COLLECTIONS OF THE METROPOLITAN AREA MUNICIPALITIES, 1982

(in thousands of dollars, except per capita figures)

	Current Tax Levies (including penalties and interest)					Tax Collections as % of Current Tax Levies	
Area Municipality	For Own Purposes $	For Purposes of Metropolitan Corporation $	For School Purposes $	Total Taxation $	Per Capita $	Current %	Current and Arrears %
East York	14,916	16,031	33,555	64,502	617.79	96.03	96.52
Etobicoke	53,148	73,317	143,826	270,291	912.23	96.89	99.70
North York	88,024	112,798	227,059	427,881	755.38	97.19	99.94
Scarborough	69,196	67,695	142,044	278,935	642.89	96.71	99.49
Toronto	187,734	202,250	382,350	772,334	1,183.83	95.00	100.72
York	23,144	17,122	36,866	77,132	568.18	94.72	97.92
	436,162	489,213	965,700	1,891,075	863.83	96.04	99.96

COMPARATIVE STATEMENT OF POPULATION, TAX LEVIES AND COLLECTION OF THE METROPOLITAN AREA MUNICIPALITIES

(in thousands of dollars, except per capita figures)

Year	Population (as determined by the Regional Assessment Office)	Total Current Tax Levy		Tax Collection as % of Current Tax Levy	
		Amount $	Per Capita $	Current %	Current and Arrears %
1956	1,311,336(2)	133,781	102.02	93.55	98.46
1957	1,380,775	153,209	110.96	93.73	98.74
1958	1,429,207	167,534	117.22	94.41	99.65
1959	1,487,348	195,513	131.45	94.24	98.28
1960	1,527,105	216,675	141.89	93.75	98.16
1961	1,576,464(2)	233,638	148.20	93.83	98.57
1962	1,625,405	253,399	155.90	93.96	98.59
1963	1,677,708	275,510	164.22	94.11	98.55
1964	1,744,331	306,335	175.62	94.33	98.76
1965	1,802,006	337,175	187.11	94.62	98.87
1966	1,845,904(2)	382,465	207.20	94.60	98.69
1967	1,887,798	453,893	240.44	94.82	98.63
1968	1,906,041	463,603	243.23	95.72	100.08
1969	1,935,145	495,508	256.06	95.52	98.35
1970	2,003,679	569,369	284.16	95.25	98.36
1971	2,058,563(2)	568,151	275.99	95.89	99.02
1972	2,115,318	668,345	315.95	95.08	97.63
1973	2,118,821	676,264	319.17	95.57	99.05
1974	2,124,095	743,434	350.00	94.84	99.09
1975	2,153,381	864,469	401.45	94.33	98.60
1976	2,156,262(2)	993,538	460.76	94.92	99.66
1977	2,150,151	1,160,066	539,53	94.85	97.42
1978	2,137,867	1,228,970	574.86	95.70	100.35
1979	2,155,724	1,343,837	623.38	95.35	99.55
1980	2,168,712	1,471,874	682.77	96.25	100.90
1981	2,189,180(2)	1,650,998	761.28	95.83	99.83
1982(1)	2,180,027	1,891,075	863.83	96.04	99.96

NOTES: (1) For breakdown by Area Municipality, see previous page.

(2) Census of Canada figures: 1956 - 1,358,028; 1961 - 1,618,787; 1966 - 1,881,691; 1971 - 2,086,017; 1976 - 2,124,291; 1981 - 2,137,395

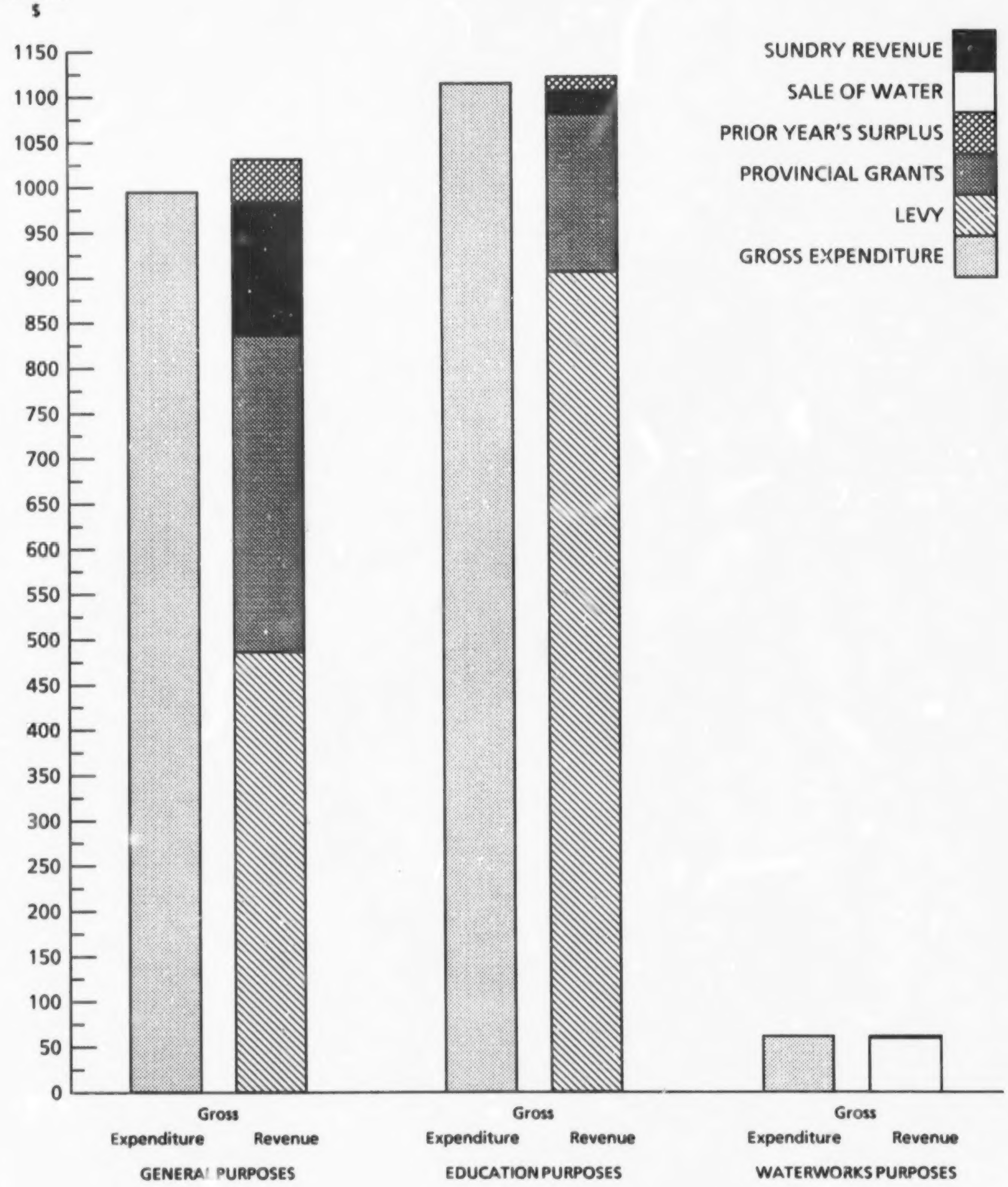
METROPOLITAN TORONTO, SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended December 31, 1982
(in thousands of dollars)

Classification	Gross Expenditures including Debt Charges	Revenues		Net Expenditures of Specific Services and 1981 Surpluses	
		Provincial Grants	Sundry, Surpluses from 1981 and Metro Levies		
General					
General Government	$ 66,452	98	48,748	17,606	
Protection to persons and property	291,096	37,907	7,110	246,079	
Transportation services	183,706	71,282	3,389	109,035	
Environmental services	104,768	1,355	48,089	55,324	
Health services	30,152	17,313	306	12,533	
Social and family services	257,122	156,440	21,021	79,661	
Recreation and cultural services	57,636	1,081	7,230	49,325	
Planning and development	8,487	366	46	8,075	
	$ 999,419	285,842	135,939	577,638	
				Deduct	
General Support Grant		33,880		33,880	
Provincial Government Regional Per Capita Grant Resource Equalization		31,966		31,966	
Surplus from 1981			48,796	48,796	
General levy			486,571	486,571	
Share of Supplementary Taxes			9,748	9,748	
	$ 999,419	351,688	681,054	33,323	S
Education	$1,118,300	175,935	21,932	920,433	
				Deduct	
Surplus from 1981			17,424	17,424	
Educational levy			889,809	889,809	
Share of Supplementary Taxes			17,965	17,965	
Total Education	$1,118,300	175,935	947,130	4,765	S
Total General & Education	$2,111,719	527,623	1,628,184	38,088	S
Waterworks (self-sustaining)	62,541	-	62,434	107	
	$2,180,260	527,623	1,690,618	37,981	S

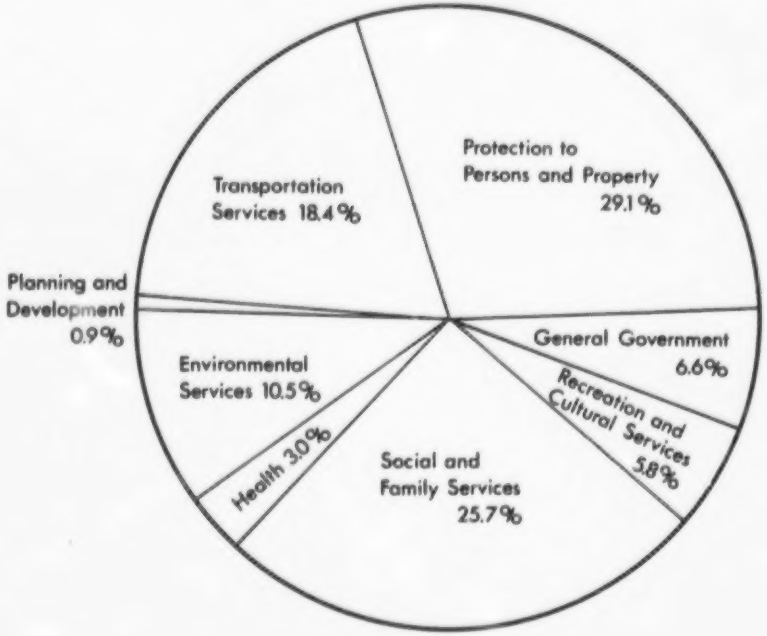
S - Surplus

The above schedule of revenues and expenditures in 1982 has been prepared on a functional basis with a view to indicating the cost, both gross and net, of the services and financial obligations for which the Metropolitan Corporation is responsible. Charts on the next three pages portray the information in graphic form.

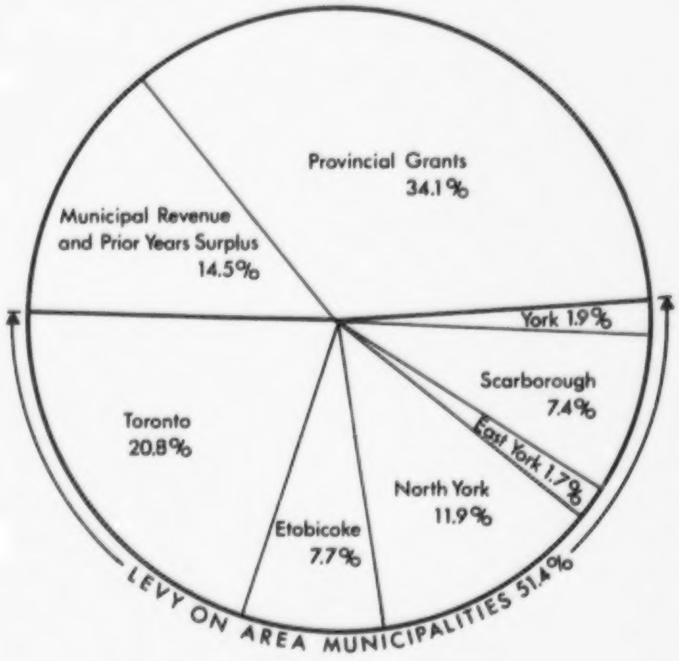
METROPOLITAN TORONTO, 1982 GROSS EXPENDITURE AND REVENUE



METROPOLITAN TORONTO, GROSS EXPENDITURE AND REVENUE FOR GENERAL PURPOSES-1982

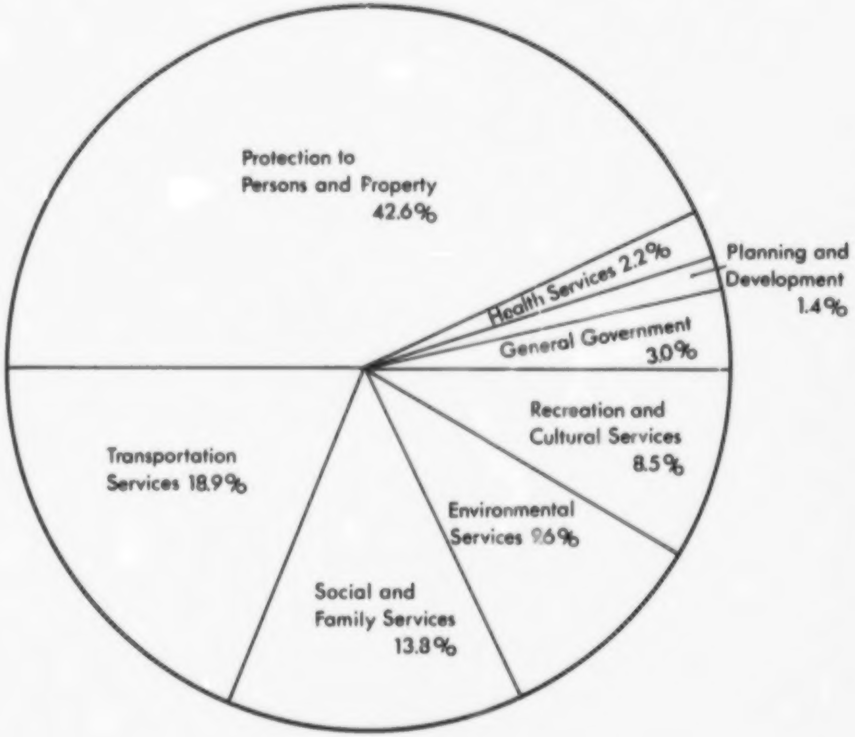


METROPOLITAN TORONTO
1982 GROSS EXPENDITURE FOR
GENERAL PURPOSES—$999,419,000



METROPOLITAN TORONTO
1982 GROSS REVENUE FOR
GENERAL PURPOSES—$1,032,742,000

METROPOLITAN TORONTO, 1982 NET EXPENDITURE FOR GENERAL PURPOSES– $577,638,000



MUNICIPALITY OF METROPOLITAN TORONTO

CAPITAL EXPENDITURES - 1982

Individual Projects on which expenditures exceeded $1 million
(in thousands of dollars)

	1982 Gross Expenditure $	Gross Estimated Cost $
Parks and Recreation		
C.N.E. Redevelopment, Restoration and Rehabilitation	2,682	16,788
Police		
New No. 33 Police Station	1,012	2,950
Rapid Transit		
Accessibility Facilities for Handicapped	1,400	6,400
Bloor-Danforth Subway Extension-Kipling & Eglinton	2,245	140,000
Scarborough Light Rail Transit Line	27,403	134,000
Malvern Garage	6,106	15,700
Communications System	1,431	2,800
Station Modernization	6,827	14,400
Roadways		
Albion Rd. Widening - Hwy. 27 to Indian Line	1,012	4,000
Bathurst St. Reconstruction - St. Clair to Sheppard	1,331	6,000
Broadview Reconstruction - O'Connor to Victoria Park	2,466	4,500
F.G. Gardiner Repairs - Leslie to Dufferin	2,610	11,800
Lakeshore Blvd. West Reconstruction - Humber to Etobicoke Creek	1,614	6,400
Lawrence Ave. East Don Valley Parkway to Kingston Rd.	1,306	7,000
Steeles Ave. Widening - Hwy. 404 to Littles	2,519	7,000
Kennedy Rd. Widening - Sheppard to Steeles	1,350	4,500
Vehicle Maintenance Building - Yard 1	1,698	2,100
Sanitary Sewer System		
Humber Sewage Treatment Plant - Stage II	1,060	71,850
Main Sewage Treatment Plant - Stage III	16,770	162,250
Subsidy for Separation of Combined Sewers	2,832	18,300
Waterworks		
Bloor-Prince Edward-Humberview/Hallford-Water Main	1,807	3,465
Lawrence-Manse to Centennial - Water Main	1,430	1,950
Milliken Pumping Station	1,968	3,600

THE MUNICIPALITY OF METROPOLITAN TORONTO

COMPARATIVE STATEMENT OF CAPITAL EXPENDITURES
For the Years 1979 to 1982
(in thousands of dollars)

Functional Classification	Gross Expenditure				Contributions from Other Governments, the Revenue Fund (*) and Others (**)				Net Expenditure			
	1979 $	1980 $	1981 $	1982 $	1979 $	1980 $	1981 $	1982 $	1979 $	1980 $	1981 $	1982 $
General												
General Administration and At Large	116	136	807	815	116*	96* 1,213**	770* (1,310)**	780*	-	(1,173)	1,347 (1)	35
Ambulance Services	2,348	5,217	1,976	1,840	1,637*	5,439*	938*	1,208*	711	(222)	1,038	632
Police	5,602	3,790	4,703	3,669	4,335* 102**	3,151* 648**	5,063* 102**	3,031* 70**	1,165	(9)	(462)	568
Conservation	2,632	2,633	2,316	1,315	961* 54**	2,752* 16**	2,460* 9**	658* 17**	1,617	(135)	(153)	640
Roadways	21,256	21,423	23,538	22,596	7,728 4,453* 10,439**	11,158 4,394* 6,004**	11,460 6,273* 5,786**	7,072 6,466* 7,000**	(1,364)	(133)	19	2,058
Traffic Control	3,232	376	713	(4)	1,565	197 83*	369 1,076* 57**	(4) 844**	1,667	96	(789)	(844)
Street Lighting		121	172			61 27*	82			33	90	
Sewer Systems	28,340	12,961	13,225	22,261	8,571 8,709* 1,844**	3,364 9,169* 913**	4,853 14,180* 1,750**	4,816 10,200* 2,092**	9,216	(485)	(7,558)	5,153
Refuse Disposal	4,535	8,484	2,972	2,828	17 2,964* 24**	65 8,707* 48**	52 1,515* 1,761**	10 672* 1,559**	1,530	(336)	(356)	587
General Assistance Office	105	60	306	769	105*	60*	306*	769*				
Assistance to Aged Persons	4,693	6,393	3,640	4,388	2,585* 5,044**	(105) 4,413* 532**	661**	326 1,387* 1,856**	(2,936)	1,553	2,979	819
Day Nurseries	16	17		144	16*	17* 15**	(96)**	144*		(15)	96	
Parks & Recreation	6,804	4,484	5,750	5,307	2,497* 1,561**	338* 929**	537 2,763* 2,215*	2,308* 680**	2,746	3,217	235	2,319
Libraries	200	(170)	17		26**		18**		174	(170)	(1)	
Other Cultural Facilities	336	1,154	1,253	1,586	365*	13 400* 272**	1,178* 161**	985* 383**	(29)	469	(86)	218
Urban Renewal	5	55	9	25	3*	4*	9*	25*	2	51		
Rapid Transit	42,609	44,072	58,261	82,376	32,036 259* 2,565**	33,233 7,368* 7,552**	48,047 10,803* 1,806**	70,528 7,157* 1,585**	7,749	(4,081)	(2,395)	3,106
Total General	122,829	111,206	119,656	149,915	49,917 29,005* 21,659**	47,986 46,418* 18,142**	65,400 47,332* 12,902**	82,746 35,790* 16,086**	22,248	(1,340)	(5,978)	15,293
Waterworks	20,331	8,423	9,330	8,115	5,563 2,192* 1,283**	1,450 4,221* 934**	2,552 3,318* 1,308**	3,613 2,846* 2,046**	11,293	1,818	2,152	(388)
Total	143,160	119,629	128,986	158,030	55,480 31,197* 22,942**	49,436 50,639* 19,076**	67,952 50,650* 14,210**	86,359 38,636* 18,132**	33,541	478	(3,826)	14,905

(1) Due largely to re-allocation of proceeds of sale of surplus land from "General Administration and At Large" to "Parks and Recreation" ($1,310,000).

DEBENTURE DEBT ISSUED IN 1982
PURPOSE, TYPE AND TERM OF ISSUES
(in thousands of dollars)

		Instalment		Sinking Fund		Total
Municpality	Purpose of Issue	Term (Years)	$	Term (Years)	$	$
Metropolitan Corporation	Refuse Disposal			5	1,522	1,522
	Highways			5	2,536	2,536
	Sewage System			5	5,072	5,072
	Waterworks			5	1,015	1,015
					10,145	10,145
Area Municipalities	East York			5	809	809
	Etobicoke			5	3,322	3,322
	North York	10	3,634	5	2,859	6,493
	Scarborough	10	1,763	5	2,832	4,595
	Toronto	15	279	5	13,839	14,118
	York	10&15	100	5	779	879
			5,776		24,440	30,216
			5,776		34,585	40,361

SUMMARY

Public Offerings:			
Sinking Fund Debentures	Canadian	15½%	29,825
	U.S.	17%	4,760
Instalment Debentures	Canadian	15½%	1,016
	U.S.	17%	4,760
			40,361

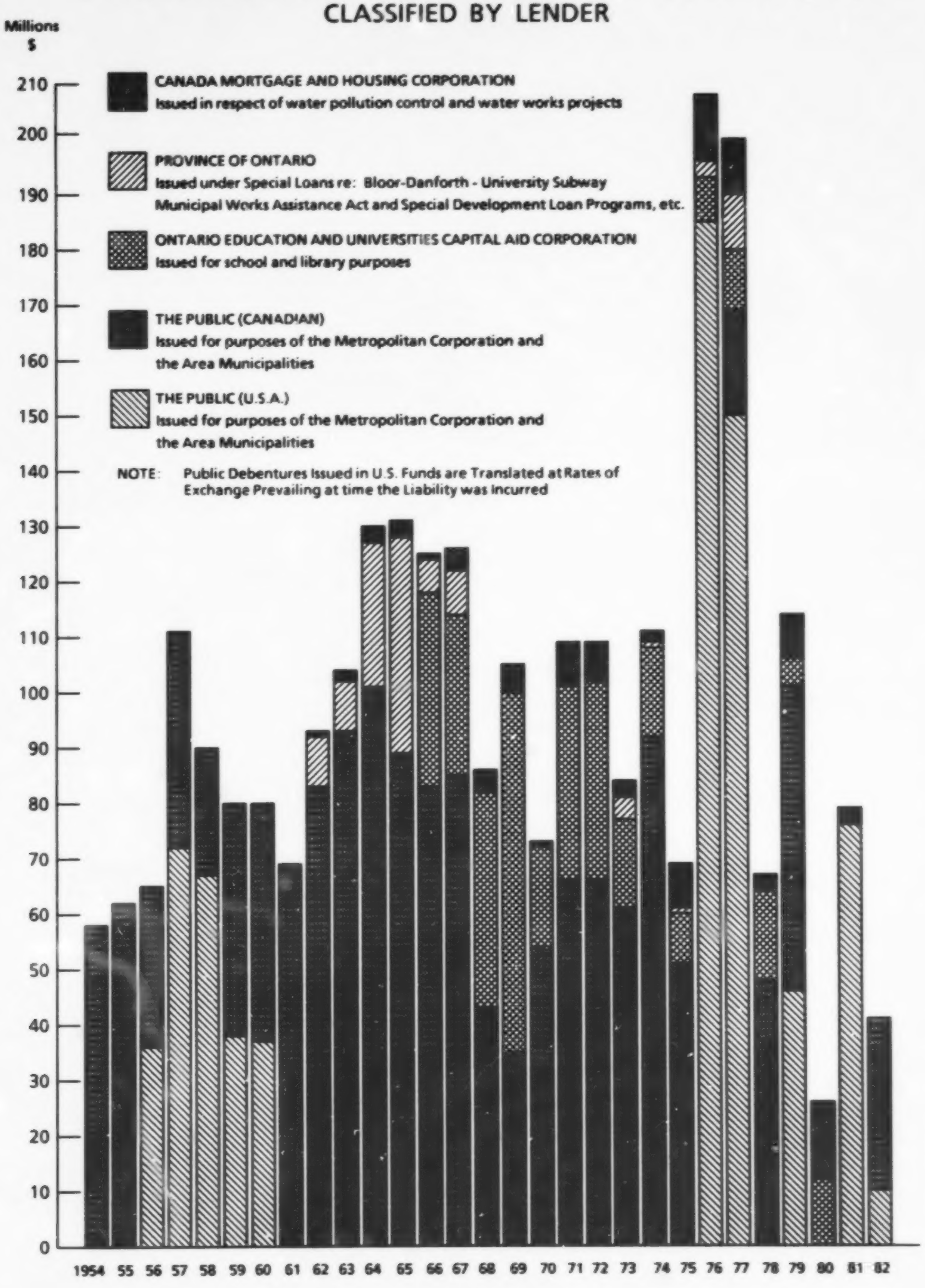
Note: Debenture debt payable in U.S. Funds has been translated into Canadian Funds at the exchange rates prevailing at the time the debt was incurred.

SUMMARY OF TOTAL DEBENTURE DEBT MATURITIES OF THE METROPOLITAN CORPORATION AND THE AREA MUNICIPALITIES

As at December 31, 1982
(in thousands of dollars)

	Metropolitan Corporation Direct Debt						Debt of Area Municipalities Assumed by Metropolitan Corporation		Total Debt Metropolitan Corporation (Direct and Assumed)		Debt of Area Munici-palities Not Assumed	Total Debt of Metropolitan Corporation and the Area Municipalities	
	Instalment		Sinking Fund		Total								
	Can.$	U.S.$	Can.$	U.S.$	Can.$	U.S.$	Can.$	U.S.$	Can.$	U.S.$	Can.$	Can.$	U.S.$
1983	41,563	6,157	70,219	1,217	111,782	7,374	788	985	112,570	8,359	171	112,741	8,359
1984	43,038	6,462	70,665	142	113,703	6,604	36		113,739	6,604		113,739	6,604
1985	40,735	6,643	77,521		118,256	6,643	35		118,291	6,643		118,291	6,643
1986	41,293	6,997	61,598	73,513	102,891	80,510	34		102,925	80,510		102,925	80,510
1987	38,458	6,585	76,207	33,405	114,665	39,990			114,665	39,990		114,665	39,990
1988	33,935	6,382	30,483	107	64,418	6,489			64,418	6,489		64,418	6,489
1989	30,245	6,734	24,981	340	55,226	7,674			55,226	7,074		55,226	7,074
1990	24,257	5,161	25,076	344	49,333	5,505			49,333	5,505		49,333	5,505
1991	22,717	5,400	28,419	50,000	51,136	55,400			51,136	55,400		51,136	55,400
1992	20,507	4,644	39,057		59,564	4,644			59,564	4,644		59,564	4,644
1993	16,729	4,685	50,479		67,208	4,685			67,208	4,685		67,208	4,685
1994	14,729	4,857	75,721		90,450	4,857			90,450	4,857		90,450	4,857
1995	11,866	5,044	35,588		47,454	5,044			47,454	5,044		47,454	5,044
1996	8,768	5,254	15,939	125,000	24,707	130,254			24,707	130,254		24,707	130,254
1997	6,332	5,205	16,049	55,000	22,381	60,205			22,381	60,205		22,381	60,205
1998	5,271	2,420	33,576		38,847	2,420			38,847	2,420		38,847	2,420
1999	3,473	2,656	22,675		26,148	2,656			26,148	2,656		26,148	2,656
2000	2,359				2,359				2,359			2,359	
2001	156				156				156			156	
	406,431	91,286	754,253	339,068	1,160,684	430,354	893	985	1,161,577	431,339	171	1,161,748	435,277

METROPOLITAN TORONTO, DEBENTURE DEBT ISSUED YEARLY, CLASSIFIED BY LENDER



TOTAL DEBENTURE DEBT OF THE METROPOLITAN TORONTO AREA
(in thousands of dollars - except for population and per capita figures)

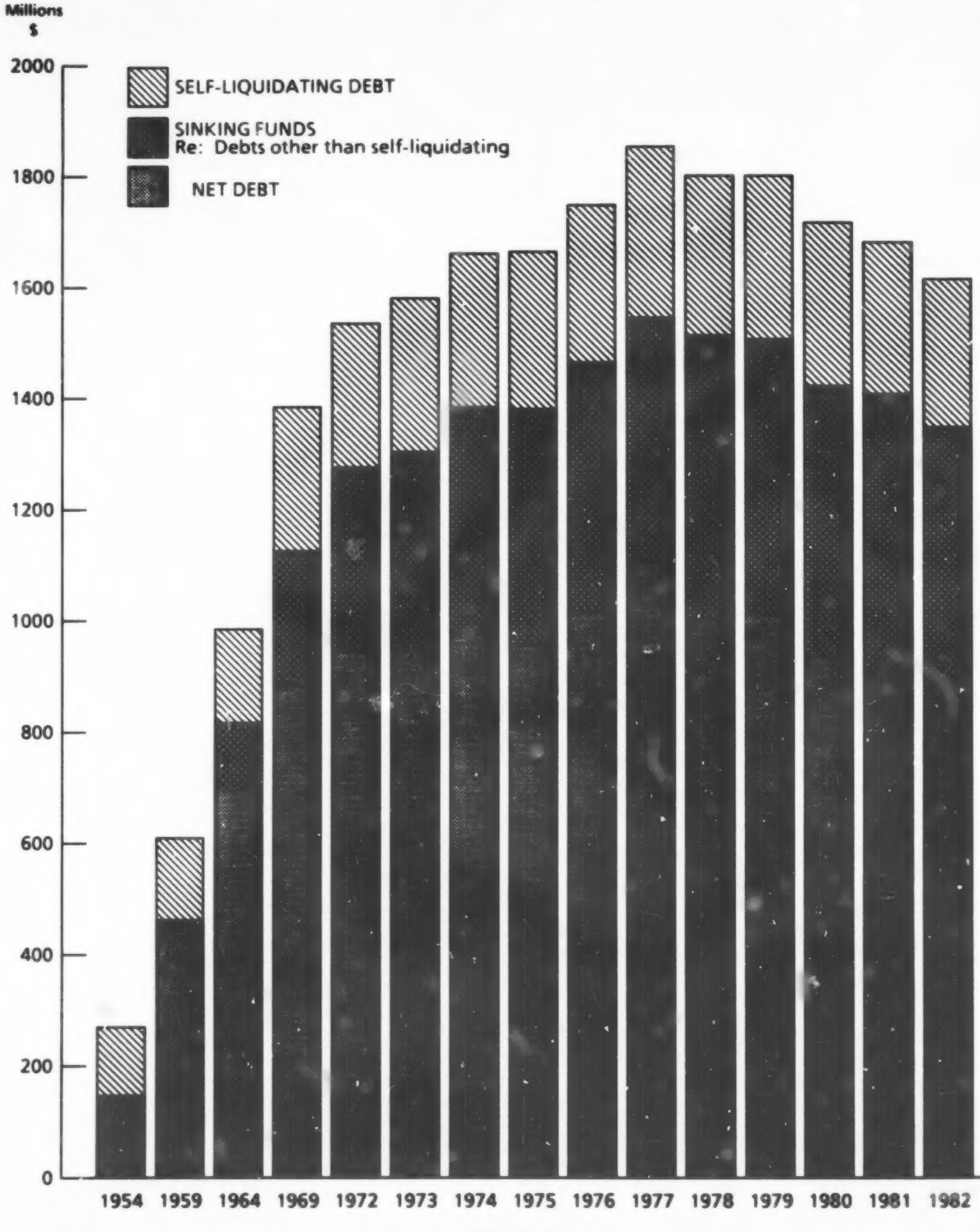
	Outstanding as at			
	Dec 31/82	Dec 31/81	Dec 31/80	Jan 1/54
	$	$	$	$
Area Municipalities' Debentures -				
Assumed by Metropolitan Corporation	1,849	3,611	6,484	158,251
Not Assumed	171	408	656	78,397
Total	2,020	4,019	7,140	236,648
Metropolitan Corporation Debentures	1,616,703	1,676,910	1,691,432	
Total Debt of Metropolitan Toronto Area	1,618,723	1,680,929	1,698,572	236,648
Less:				
Administration of Justice* (Province of Ontario Responsibility)	15,529	15,735	15,735	
Self-Liquidating Debentures -				
Toronto Transit Commission	41,031	42,850	45,629	65,600
Waterworks	195,225	197,605	197,462	22,188
Hydro-Electric Systems	16,035	20,037	22,349	12,335
Actual Sinking Funds re Debts other than above	515,550	501,750	485,544	
Total Net Debt of Metropolitan Toronto Area	835,353	902,952	931,853	136,525
Population - as determined for Assessment purposes	2,180,027	2,189,180	2,168,712	1,172,556
Net Debt per Capita	383.18	412.46	429.68	116.43
Assessment - As determined for apportionment of Metropolitan levy against Area Municipalities in the following year	8,535,246	8,397,159	8,086,329	2,474,697
Net Debt percentage thereof	9.79%	10.75%	11.52%	5.52%

*Municipal responsibilities for the Administration of Justice, e.g., jail, courts, etc., assumed by the Province of Ontario.

	Metropolitan Toronto Debentures	Area Municipalities Debentures		
		Assumed	Not Assumed	Total
Total Debt of Metropolitan Toronto Area as at December 31, 1982	1,616,703		171	1,680,929
Payable in				
Canada	1,160,684	893	171	1,161,748
United States	456,019	956		456,975
	1,616,703	1,849	171	1,618,723

Note: Debenture debt payable in U.S. Funds has been translated into Canadian Funds at the exchange rates prevailing at the time the debt was incurred.

TOTAL DEBENTURE DEBT OF THE METROPOLITAN TORONTO AREA



As of December 31st.

NOTE: Total Debenture Debt includes Debt Payable in U.S. Funds which has been translated into Canadian Funds at the Exchange Rate prevailing at the time the debt was incurred

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